

# 2023-24

## Consolidated Financial Report

## **ACKNOWLEDGEMENT OF COUNTRY**

We acknowledge Aboriginal people as the state's first peoples, nations and Traditional Owners of South Australian land and waters. We recognise that their unique cultural heritage, customs, spiritual beliefs and relationship with the land are of ongoing importance today, and we pay our respects to Elders past, present and emerging leaders of the future.

### ACKNOWLEDGEMENTS

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**Government  
of South Australia**

**Consolidated Financial Report  
for the financial year ended 30 June 2024**

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# Overview of the Consolidated Financial Report

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## Foreword

This is the Consolidated Financial Report (CFR) of the Government of South Australia for the financial year ended 30 June 2024. The CFR fulfils the Government's consolidated financial reporting requirements pursuant to generally accepted accounting principles (GAAP). The report has been prepared in accordance with applicable Australian Accounting Standards Board (AASB) Standards and Pronouncements and is consistent with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The CFR is only one component of the suite of publications that discharge the Government's financial accountability obligations.

It is important to note that notwithstanding the significant efforts of the Australian Accounting Standards Board to harmonise AASB 1049 with Government Finance Statistics (GFS) principles, some differences remain. The introduction of AASB 16 *Leases* from 1 July 2019 has significantly widened these differences as the Australian Bureau of Statistics (ABS) has not amended the GFS manual to account for changes in the new accounting standard and still applies the previous accounting standard. These differences are discussed further in Note 10.2 *Reconciliation of Key Fiscal Aggregates to GFS Aggregates*.

The Government's budget and fiscal targets for 2023-24 are presented in the annual budget, mid-year budget review and budget outcomes reports in accordance with the Uniform Presentation Framework (UPF) agreed by the Commonwealth Government and all state and territory governments. This UPF format differs to the presentation provided in this report, however recognition and measurement concepts applied under GAAP are similarly adopted. Primary discussion on variances to budget is published in the Final Budget Outcome (FBO) document. Some supplementary variance information is included in the CFR at Note 10.3 *Budgetary information*.

The Auditor-General has reviewed the CFR but has not provided a formal independent audit report, as there is no legislative requirement for the preparation, audit or presentation of a whole of government financial report as explained in the Auditor-General's letter at the end of this document.

While the CFR is presented for the government as a whole, Note 10.1 *Disaggregated information* to the financial report shows the financial performance, financial position and cash flow of the three major sectors of government: general government, public non-financial corporations and public financial corporations. These sectors are consistent with the classifications used by the Australian Bureau of Statistics.

The consolidated financial result is not simply the sum of the results of the three sectors. In arriving at a consolidated result, transactions between agencies are eliminated to present a consolidated picture of the financial relationship between the government as a whole and the 'rest of the world'.

## KEY POINTS

The Government of South Australia recorded a net operating surplus of \$170 million (\$413 million surplus for the general government sector) in 2023-24. The general government surplus contrasts with the \$306 million surplus forecast in the 2024-25 Budget for 2023-24.

Further details on the factors contributing to the improved general government sector result compared to the forecasts provided in the 2024-25 Budget are discussed in the 2023-24 Final Budget Outcome.

Key fiscal indicators recorded for 2023-24 for the general government sector and whole of government are summarised below:

### General government sector

- The net result from transactions is a surplus of \$413 million.
- The net lending deficit is \$1.2 billion, reflecting the net result from transactions surplus and the net acquisition of non-financial assets throughout 2023-24.
- Net worth as at 30 June 2024 was \$61.6 billion, comprising assets of \$108.4 billion and liabilities of \$46.8 billion.

### Whole of government

- The net result from transactions is a surplus of \$170 million.
- The net lending deficit is \$2.2 billion, reflecting the net result from transactions deficit and the net acquisition of non-financial assets throughout 2023-24.
- Net worth as at 30 June 2024 was \$61.6 billion, comprising assets of \$166.1 billion and liabilities of \$104.5 billion.
- Net worth is \$5.9 billion higher than at 30 June 2023, primarily due to an upward revaluation of fixed assets of \$5.5 billion across multiple agencies.

# Financial Statements

## Statement of comprehensive income for the year ended 30 June 2024

(\$ millions)

	Note	Whole of Government		General Government	
		2024	2023	2024	2023
<b>Revenue from transactions</b>					
Taxation revenues	2.1	6 291	5 622	6 575	5 866
Grant revenue	2.2	15 444	14 328	15 445	14 323
Charges for goods and services	2.3	5 876	5 198	3 390	3 062
Interest income	2.4	1 231	846	480	341
Dividends and income tax equivalents	2.5	93	75	435	214
Other revenues	2.6	1 750	1 715	1 610	1 602
<b>Total revenue from transactions</b>		<b>30 685</b>	<b>27 785</b>	<b>27 933</b>	<b>25 408</b>
<b>Expenses from transactions</b>					
Employee related expenses	3.1	10 576	10 079	10 201	9 735
Superannuation interest cost		306	269	306	269
Other superannuation expenses		1 167	1 059	1 119	1 016
Depreciation and amortisation	3.2	2 078	2 041	1 586	1 516
Use of goods and services	3.3	7 770	7 141	6 932	6 426
Interest expenses	3.4	2 043	1 568	1 225	975
Grant expenses	3.5	3 542	3 084	3 857	3 361
Other expenses	3.6	3 032	3 031	2 294	2 070
<b>Total expenses from transactions</b>		<b>30 515</b>	<b>28 271</b>	<b>27 520</b>	<b>25 367</b>
<b>Net result from transactions — Net operating balance</b>		<b>170</b>	<b>- 486</b>	<b>413</b>	<b>41</b>
<b>Other economic flows — included in net result</b>					
Net foreign exchange gains/(losses)		—	1	—	1
Net gain/(loss) on sale of non-financial assets		25	20	2	- 19
Net gain/(loss) on financial assets or liabilities at fair value		531	647	57	- 3
Impairment loss on receivables and contract assets		- 18	- 10	- 7	- 6
Net actuarial gain/(loss) on super defined benefit plans	7.6	415	- 586	415	- 586
Revaluations of deferred income tax equivalents		—	—	- 286	- 581
Other net actuarial gains/(losses)	4.1	- 560	- 343	- 291	- 49
Other economic flows	4.2	- 197	- 12	- 32	- 67
<b>Total other economic flows — included in net result</b>		<b>197</b>	<b>- 284</b>	<b>- 142</b>	<b>- 1 311</b>
<b>Net result</b>		<b>367</b>	<b>- 770</b>	<b>271</b>	<b>- 1 269</b>
<b>Other economic flows — non-owner movements in equity</b>					
Changes in asset revaluation reserve		5 479	4 304	4 314	4 083
Net gain/(loss) on equity investments in other sectors		—	—	1 223	704
Net gain/(loss) on financial assets at fair value through Comprehensive Income		6	- 11	19	- 8
Current year adjustments to equity		16	- 80	40	- 66
Prior period adjustments		—	- 149	—	- 149
<b>Total other economic flows — non-owner movements in equity</b>		<b>5 500</b>	<b>4 064</b>	<b>5 596</b>	<b>4 565</b>
<b>Comprehensive result</b>		<b>5 867</b>	<b>3 294</b>	<b>5 867</b>	<b>3 296</b>

Note: Totals may not add due to rounding.

**Statement of comprehensive income for the year ended 30 June 2024 (continued)**

(\$ millions)

	Note	2024	Whole of Government 2023	2024	General Government 2023
<b>Transactions with owners</b>					
Restructures		—	—	—	- 2
<b>Total transactions with owners</b>		—	—	—	- 2
<b>Total change in net worth</b>		<b>5 867</b>	<b>3 294</b>	<b>5 867</b>	<b>3 294</b>
<b>Key fiscal aggregates</b>					
<b>Net operating balance</b>		<b>170</b>	<b>- 486</b>	<b>413</b>	<b>41</b>
Less net acquisition of non-financial assets		<b>2 413</b>	1 485	<b>1 591</b>	1 256
<b>Net lending / borrowing</b>		<b>-2 243</b>	<b>-1 971</b>	<b>-1 178</b>	<b>-1 215</b>

Note: Totals may not add due to rounding.

## Statement of financial position as at 30 June 2024

(\$ millions)

	Note	Whole of Government		General Government	
		2024	2023	2024	2023
<b>Assets</b>					
<b>Financial assets</b>					
Cash and deposits	5.1	3 491	2 718	11 152	10 987
Receivables	5.2	2 088	1 983	2 090	2 316
Contract assets	5.3	40	32	40	32
Loans and advances	5.4	3 725	2 713	142	132
Investments and placements	5.5	21 808	20 317	668	701
Investments in other public entities		—	—	22 224	20 565
Other equity investments	5.6	33 703	32 646	116	108
<b>Total financial assets</b>		<b>64 855</b>	<b>60 408</b>	<b>36 432</b>	<b>34 840</b>
<b>Non-financial assets</b>					
Produced assets					
Inventories	6.1	936	752	113	127
Machinery and equipment	6.2	2 330	2 078	1 803	1 644
Buildings and structures	6.3	69 117	64 972	51 624	47 355
Heritage assets	6.4	1 444	1 443	1 435	1 429
Biological assets	6.5	121	127	4	4
Intangible assets	6.6	506	488	474	451
Non-financial assets held for sale or transfer	6.7	18	19	1	157
Other non-financial assets	6.8	203	178	145	134
Right-of-use leased assets	6.1.1	4 020	4 004	3 889	3 849
Non-produced assets					
Land	6.9	22 040	18 744	12 176	10 476
Intangible assets	6.6	515	532	365	380
Non-financial assets held for sale or transfer	6.7	9	43	8	89
Right-of-use leased assets	6.1.1	4	4	3	3
<b>Total non-financial assets</b>		<b>101 262</b>	<b>93 385</b>	<b>72 043</b>	<b>66 099</b>
<b>Total assets</b>		<b>166 117</b>	<b>153 793</b>	<b>108 475</b>	<b>100 939</b>
<b>Liabilities</b>					
Deposits held	7.1	188	181	342	529
Borrowings	7.2	39 135	34 921	30 943	29 002
Payables	7.3	1 977	1 993	1 458	1 299
Contract liabilities	7.4	138	123	83	75
Employee related liabilities	7.5	3 624	3 316	3 512	3 213
Unfunded superannuation liabilities	7.6	6 893	7 518	6 893	7 518
Superannuation fund deposits	7.7	41 710	39 550	—	—
Provisions (other than employee benefits)	7.8	8 298	7 871	1 009	916
Other liabilities	7.9	2 514	2 549	2 595	2 615
<b>Total liabilities</b>		<b>104 478</b>	<b>98 021</b>	<b>46 836</b>	<b>45 167</b>
<b>Net assets</b>		<b>61 639</b>	<b>55 772</b>	<b>61 639</b>	<b>55 772</b>
<b>Equity</b>					
Retained earnings		6 189	5 698	1 025	106
Reserves					
Asset revaluation reserve		55 178	49 801	40 863	37 156
Other reserves		238	247	120	109
Investment reserve		34	26	34	26
Net equity investments in other sectors reserve		—	—	19 598	18 375
<b>Total equity (Net worth)</b>		<b>61 639</b>	<b>55 772</b>	<b>61 639</b>	<b>55 772</b>

Note: Totals may not add due to rounding.

## Statement of changes in equity for the year ended 30 June 2024

(\$ millions)

Whole of Government	Net Equity				Total
	Asset Reval Reserve	Other/ Investment Reserves	in Other Sectors Reserve	Retained Earnings	
<b>Balance as at 30 June 2022</b>	<b>45 615</b>	<b>269</b>	<b>—</b>	<b>6 560</b>	<b>52 444</b>
Prior period adjustments	- 5	—	—	39	33
<b>Restated balance at 30 June 2022</b>	<b>45 610</b>	<b>269</b>	<b>—</b>	<b>6 599</b>	<b>52 478</b>
Gain/(loss) on revaluation of non-financial assets	4 304	—	—	—	4 304
Net gain on financial assets taken to equity	—	- 11	—	—	- 11
Current year adjustments — prior period	—	—	—	- 80	- 80
Transfers to/(from) reserves	- 132	15	—	117	—
<b>Net income/expense recognised directly in equity for 2022-23</b>	<b>4 172</b>	<b>4</b>	<b>—</b>	<b>37</b>	<b>4 213</b>
Net result for 2022-23	—	—	—	- 770	- 770
<b>Total comprehensive result for 2022-23</b>	<b>4 172</b>	<b>4</b>	<b>—</b>	<b>- 733</b>	<b>3 443</b>
<b>Balance at 30 June 2023</b>	<b>49 782</b>	<b>273</b>	<b>—</b>	<b>5 866</b>	<b>55 920</b>
Prior period adjustments	19	—	—	- 168	- 149
<b>Restated balance at 30 June 2023</b>	<b>49 801</b>	<b>273</b>	<b>—</b>	<b>5 698</b>	<b>55 772</b>
Gain/(loss) on revaluation of non-financial assets	5 479	—	—	—	5 479
Net gain on financial assets taken to equity	—	6	—	—	6
Current year adjustments — prior period	—	—	—	16	16
Transfers to/(from) reserves	- 102	- 7	—	109	—
<b>Net income/expense recognised directly in equity for 2023-24</b>	<b>5 377</b>	<b>- 1</b>	<b>—</b>	<b>124</b>	<b>5 500</b>
Net result for 2023-24	—	—	—	367	367
<b>Total comprehensive result for 2023-24</b>	<b>5 377</b>	<b>- 1</b>	<b>—</b>	<b>491</b>	<b>5 867</b>
<b>Balance at 30 June 2024</b>	<b>55 178</b>	<b>272</b>	<b>—</b>	<b>6 189</b>	<b>61 639</b>

(\$ millions)

General Government	Net Equity				Total
	Asset Reval Reserve	Other/ Investment Reserves	in Other Sectors Reserve	Retained Earnings	
<b>Balance as at 30 June 2022</b>	<b>33 258</b>	<b>143</b>	<b>17 671</b>	<b>1 372</b>	<b>52 444</b>
Prior period adjustments	- 5	—	—	39	33
<b>Restated balance at 30 June 2022</b>	<b>33 253</b>	<b>143</b>	<b>17 671</b>	<b>1 411</b>	<b>52 478</b>
Gain/(loss) on revaluation of non-financial assets	4 083	—	—	—	4 083
Net gain on financial assets taken to equity	—	- 8	—	—	- 8
Net gain on equity investments in other sectors	—	—	704	—	704
Current year adjustments — prior period	—	—	—	- 66	- 66
Transfers to/(from) reserves	- 199	—	—	199	—
<b>Net income/expense recognised directly in equity for 2022-23</b>	<b>3 884</b>	<b>- 8</b>	<b>704</b>	<b>133</b>	<b>4 714</b>
Net result for 2022-23	—	—	—	- 1 269	- 1 269
<b>Total comprehensive result for 2022-23</b>	<b>3 884</b>	<b>- 8</b>	<b>704</b>	<b>- 1 136</b>	<b>3 444</b>
<b>Transactions with SA Government as owner</b>					
Net assets received/transferred from restructures	—	—	—	- 2	- 2
<b>Balance at 30 June 2023</b>	<b>37 137</b>	<b>135</b>	<b>18 375</b>	<b>273</b>	<b>55 920</b>
Prior period adjustments	19	—	—	- 168	- 149
<b>Restated balance at 30 June 2023</b>	<b>37 156</b>	<b>135</b>	<b>18 375</b>	<b>106</b>	<b>55 772</b>

Note: Totals may not add due to rounding.

**Statement of changes in equity for the year ended 30 June 2024 (continued)**

(\$ millions)

	Asset Reval Reserve	Other/ Investment Reserves	Net Equity in Other Sectors Reserve	Retained Earnings	Total
Gain/(loss) on revaluation of non-financial assets	4 314	—	—	—	4 314
Net gain on financial assets taken to equity	—	19	—	—	19
Net gain on equity investments in other sector entities	—	—	1 223	—	1 223
Current year adjustments — prior period	—	—	—	40	40
Transfers to/(from) reserves	- 607	—	—	608	—
<b>Net income/expense recognised directly in equity for 2023-24</b>	<b>3 707</b>	<b>18</b>	<b>1 223</b>	<b>648</b>	<b>5 596</b>
Net result for 2023-24	—	—	—	271	271
<b>Total comprehensive result for 2023-24</b>	<b>3 707</b>	<b>18</b>	<b>1 223</b>	<b>919</b>	<b>5 867</b>
<b>Balance at 30 June 2024</b>	<b>40 863</b>	<b>154</b>	<b>19 598</b>	<b>1 025</b>	<b>61 639</b>

Note: Totals may not add due to rounding.

## Statement of cash flows for the year ended 30 June 2024

(\$ millions)

	Note	Whole of Government 2024	2023	General Government 2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Cash inflows (receipts)</b>					
Taxes received		6 284	5 503	6 535	5 771
Grants received		15 464	14 510	15 465	14 505
Sales of goods and services		5 690	5 053	3 235	2 964
Interest receipts		1 200	828	444	296
Dividends and income tax equivalents received		93	75	467	187
Other receipts		2 115	2 239	2 021	2 019
<b>Cash generated from operating activities</b>		<b>30 847</b>	<b>28 207</b>	<b>28 167</b>	<b>25 743</b>
<b>Cash outflows (payments)</b>					
Payments to employees		-12 102	-11 427	-11 689	-11 040
Purchases of goods and services		-7 510	-6 909	-6 584	-6 143
Interest paid		-2 014	-1 536	-1 188	-904
Grants paid		-3 546	-3 138	-3 860	-3 415
Other payments		-3 206	-2 851	-2 465	-2 261
<b>Cash used in operating activities</b>		<b>-28 378</b>	<b>-25 861</b>	<b>-25 786</b>	<b>-23 764</b>
<b>Net cash provided by operating activities</b>	8.3	<b>2 469</b>	<b>2 345</b>	<b>2 381</b>	<b>1 979</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Non-financial assets</b>					
Sales of non-financial assets		171	146	282	48
Purchases of non-financial assets		-4 496	-3 566	-3 459	-2 781
<b>Net cash flows from investments in non-financial assets</b>		<b>-4 326</b>	<b>-3 420</b>	<b>-3 177</b>	<b>-2 733</b>
<b>Financial assets (policy purposes)</b>					
Advances repaid		574	593	36	52
Advances granted		-1 474	-867	-464	-266
<b>Net cash flows from investments in financial assets</b>		<b>-900</b>	<b>-275</b>	<b>-428</b>	<b>-214</b>
<b>Financial assets (liquidity management purposes)</b>					
Sales of investments		7 045	9 913	22	8
Purchases of investments		-7 694	-10 071	-41	-49
<b>Net cash flows from investments in financial assets</b>		<b>-649</b>	<b>-158</b>	<b>-19</b>	<b>-41</b>
<b>Net cash flows from investing activities</b>		<b>-5 874</b>	<b>-3 852</b>	<b>-3 625</b>	<b>-2 987</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Cash inflows (receipts)</b>					
Deposits received		47	-223	30	27
Borrowings		10 567	7 906	1 884	1 329
<b>Cash generated from financing activities</b>		<b>10 613</b>	<b>7 683</b>	<b>1 914</b>	<b>1 355</b>
<b>Cash outflows (payments)</b>					
Deposits paid		-39	-5	-217	-39
Borrowings		-6 396	-5 605	-289	-300
<b>Cash used in financing activities</b>		<b>-6 435</b>	<b>-5 609</b>	<b>-506</b>	<b>-338</b>
<b>Net cash flows from financing activities</b>		<b>4 179</b>	<b>2 074</b>	<b>1 408</b>	<b>1 017</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>773</b>	<b>567</b>	<b>164</b>	<b>9</b>
Cash and cash equivalents at beginning of the year		2 718	2 151	10 987	10 979
<b>Cash and cash equivalents at the end of the year</b>	8.1	<b>3 491</b>	<b>2 718</b>	<b>11 152</b>	<b>10 987</b>

Note: Totals may not add due to rounding.

**Statement of cash flows for the year ended 30 June 2024 (continued)**

(\$ millions)

	Note	Whole of Government		General Government	
		2024	2023	2024	2023
<b>Key fiscal aggregates</b>					
Net cash flows from operating activities		<b>2 469</b>	2 345	<b>2 381</b>	1 979
Net cash flows from investments in non-financial assets		<b>-4 326</b>	-3 420	<b>-3 177</b>	-2 733
<b>Cash surplus/(deficit)</b>		<b>-1 857</b>	<b>-1 075</b>	<b>- 796</b>	<b>- 754</b>

Note: Totals may not add due to rounding.

# Notes to the Financial Statements

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## 1. About this report

To help in the understanding of the financial information presented in this report, the following notes set out significant accounting policies adopted in this report.

### Statement of compliance

This general purpose financial report, including the financial statements of the general government sector and the whole of government, has been prepared in accordance with applicable Australian Accounting Standards; in particular with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards and AASB 1049.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ending 30 June 2024— refer to note 10.7 *Other accounting policies*.

In compliance with AASB 1049, where consistent with accounting standards, Government Finance Statistics (GFS) concepts, sources and methods are used. In Australia, GFS standards are promulgated by the Australian Bureau of Statistics (ABS).

This general purpose financial report is prepared based on the principles and rules contained in the GFS Manual (ABS publication - *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015*).

### Basis of preparation

The consolidated statements have been prepared for the financial reporting period for the 12 months from 1 July 2023 to 30 June 2024. Except where otherwise stated, the report has been prepared using the full accrual basis of accounting, which recognises the effect of transactions and events when they occur, rather than recognising the effects of transactions and events when cash is received or paid.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. The preparation of the consolidated statements requires the use of certain accounting estimates and requires judgement to be exercised in the process of applying accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the consolidated statements are outlined in the applicable notes.

The purpose of the general government financial statements is to provide users with information about the stewardship by the government in relation to its general government sector and accountability for the resources entrusted to it, information about the financial position, changes in net assets/(liabilities), performance and cash flows of the government's general government sector, and information that facilitates assessments of the macro-economic impact of the government's general government sector.

### Reporting entity

The reporting entities are the Government of South Australia (whole of government) and the general government sector, and include entities under their control.

Where control of an entity is obtained during the financial year, its results are included in the statement of comprehensive income from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The whole of government reporting entity includes government departments (general government sector), non-financial corporations, financial corporations and other government-controlled entities. These entities are set out at Note 10.8 *Details of controlled entities*.

The whole of government reporting entity excludes local government bodies, universities, most marketing and professional regulatory authorities, and associations/financial institutions incorporated under state statute but not controlled by the government.

In the process of reporting both the whole of government and the general government sector as a separate reporting entity, all material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable.

Assets, liabilities, revenues and expenses that are reliably attributable to each broad sector of activities of the government are set out below. The sectors of government have been determined in accordance with the GFS framework, as follows:

### **General government (GG) sector**

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, other compulsory levies and user charges.

### **Public non-financial corporations (PNFC) sector**

The public non-financial corporations sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover all, or most of, the costs involved. In general, they are legally distinguishable from the government that owns them.

### **Public financial corporations (PFC) sector**

The public financial corporations sector comprises bodies primarily engaged in providing financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account for example taking deposits, issuing securities or providing insurance services, and to acquire financial assets in the market on their own account. They can also perform central borrowing functions.

The standard under which the general government sector financial statements are prepared does not require full application of AASB 10 *Consolidated Financial Statements* and AASB 139 *Financial Instruments: Recognition and Measurement*.

Assets, liabilities, income, expenses and cash flows of government controlled entities in the public non-financial corporations sector and the public financial corporations sector are not separately recognised in the general government sector financial statements.

Instead, the general government sector financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss, classified as an 'other economic flow', relating to changes in the carrying amount of that asset.

## **Comparatives**

The presentation and classification of items in the financial statements are consistent with prior years except where specific accounting standards and/or accounting policy statements have required a change, or voluntary changes in accounting policies have been implemented.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the correction of prior period errors retrospectively, subject to certain limitations, to permit comparability with the current year. The retrospective adjustment occurs by restating the comparative amount in the prior period. The restated comparative amounts do not replace the original financial statements for the preceding year.

Changes in accounting estimates are recognised in the period when the estimate is revised. Such changes are not adjusted retrospectively to the financial statements.

## Transactions and other economic flows

The statement of comprehensive income distinguishes between 'transactions' and 'other economic flows' in a manner that is consistent with the principles in the ABS GFS Manual. Transaction flows result directly from a mutually agreed interaction between two parties. An 'other economic flow' is a change in volume or value of an asset, or a liability, that does not result from a transaction.

## Investments in other public entities

The general government sector's interest in the PNFC and PFC sectors is accounted for as an equity investment based on the Government's proportional share of the carrying amount of net assets of those sectors (before consolidation adjustments) in accordance with AASB 1049.

The change in the carrying amount of these investments is consistent with the treatment of equity instruments measured at Fair Value through Other Comprehensive Income (FVOCI) in AASB 9 *Financial Instruments* that would otherwise be measured at Fair Value through Profit and Loss (FVTPL).

## Rounding

All amounts in the financial report have been reported in Australian dollars and rounded to the nearest million dollars unless otherwise indicated. As a consequence, columns may not add due to rounding.

## 2. Revenue

### 2.1 Taxation revenue

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Taxes on employers' payroll and labour force</b>	<b>1 830</b>	<b>1 683</b>	<b>1 852</b>	<b>1 704</b>
Taxes on property				
Stamp duties	1 462	1 224	1 462	1 224
Land tax	523	387	747	575
Emergency services levy	196	180	198	181
Natural resources management/Landscape board levy	57	53	57	53
<b>Total taxes on property</b>	<b>2 237</b>	<b>1 844</b>	<b>2 464</b>	<b>2 033</b>
Taxes on provision of goods and services				
Gambling	634	621	634	621
Stamp duties on insurance	655	605	663	613
<b>Total taxes on the provision of goods and services</b>	<b>1 289</b>	<b>1 226</b>	<b>1 298</b>	<b>1 234</b>
Taxes on the use of goods and performance of activities				
Motor vehicle registration	855	792	878	813
Other taxes on motor vehicles	49	48	49	48
Water license levies	11	18	11	18
<b>Total taxes on the use of goods and performance of activities</b>	<b>915</b>	<b>857</b>	<b>938</b>	<b>878</b>
Other taxation revenue	20	12	23	17
<b>Total taxation revenues</b>	<b>6 291</b>	<b>5 622</b>	<b>6 575</b>	<b>5 866</b>

Note: Totals may not add due to rounding.

State taxation revenue is non-contractual income arising from statutory requirements and is therefore recognised in accordance with AASB 1058 *Income of Not-For-Profit Entities*.

State taxation revenue is recognised when the underlying event that results in a right to receive income has occurred and assessments have been issued, or when the amount can be reliably measured. Major types of taxation revenue are:

- payroll tax
- stamp duties
- gambling taxes/levies
- motor vehicle registration
- natural resources management levy
- land tax
- emergency services levy

Relevant taxes as listed above paid by state government controlled entities to other government agencies are eliminated upon consolidation from the financial statements presented here.

The government is exempt from Commonwealth Government taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of an asset's acquisition cost or as part of an expense item.

Receivables and payables are stated with the amount of GST included. The amounts of GST receivable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from the ATO, the commitments and contingencies are disclosed on a gross basis.

Payments for FBT are included as employee expenses — refer to note 3.1 *Employee expenses*.

## 2.2 Grant revenue

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Current grant revenue</b>				
General purpose grants	8 664	7 668	8 664	7 668
National partnership grants	401	458	401	458
Specific purpose grants	2 846	2 681	2 846	2 681
Specific purpose grants for on-passing	1 741	1 675	1 741	1 675
<b>Total current grants from the Commonwealth Government</b>	<b>13 652</b>	<b>12 481</b>	<b>13 652</b>	<b>12 481</b>
Other contributions and grants	815	740	816	736
<b>Total current grant revenue</b>	<b>14 466</b>	<b>13 221</b>	<b>14 467</b>	<b>13 217</b>
<b>Capital grant revenue</b>				
National partnership grants	833	970	833	970
Specific purpose grants	120	118	120	118
Other capital grants	24	18	24	17
<b>Total capital grants from the Commonwealth Government</b>	<b>976</b>	<b>1 106</b>	<b>976</b>	<b>1 105</b>
Other contributions and grants	1	1	1	1
<b>Total capital grant revenue</b>	<b>978</b>	<b>1 107</b>	<b>978</b>	<b>1 106</b>
<b>Total grant revenue</b>	<b>15 444</b>	<b>14 328</b>	<b>15 445</b>	<b>14 323</b>

Note: Totals may not add due to rounding.

Commonwealth funds have differing levels of specificity as to what they are used for.

GST revenue (referred to as General Purpose grants above) is untied funding distributed in accordance with the principle of Horizontal Fiscal Equalisation based on the total GST pool available for distribution to the States. The level of revenue recorded is consistent with outcomes provided in the Commonwealth Government's Final Budget Outcome.

National partnership grants and specific purpose grants are arrangements which require some funds to be used for specific objectives and outcomes.

In all cases, grant agreements with the Commonwealth are signed by a Minister on behalf of the Government. The 'contracts' are with the Crown, as opposed to a particular entity within the Crown. Ultimately, the Government is responsible for satisfying the requirements of the Commonwealth grant agreements. Therefore it is the Crown that is the principal to these contracts represented by the Department of Treasury and Finance Administered Items (DTF AI). As these contracts are not considered contracts with customers all Commonwealth grant funding provided through DTF AI is accounted for under AASB 1058.

Any contract balances in relation to national partnership grants and specific purpose grants are disclosed in Note 5.2 *Receivables* and Note 7.9 *Other liabilities*.

Other contributions and grants received to support the broad objectives of agencies are recognised as revenue under AASB 1058 when the agency obtains control of the cash. Capital grants are recognised as income under AASB 1058 as the underlying obligation is satisfied.

## 2.3 Charges for goods and services

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Goods</b>				
Gambling products (SA Lotteries)	625	565	625	565
Forestry products (Forestry SA)	17	16	—	—
Land sales	177	64	—	—
Other goods	31	42	15	27
<b>Total charges for goods</b>	<b>850</b>	<b>688</b>	<b>640</b>	<b>592</b>
<b>Services</b>				
Water related rates and charges (SA Water)	1 219	1 115	—	—
Health services	550	477	550	477
House rentals (South Australian Housing Trust)	308	288	—	—
Metro Ticket public transport sales	90	78	90	78
Rental income from investment properties	37	30	15	6
Other services	935	811	863	755
<b>Total charges for services</b>	<b>3 140</b>	<b>2 799</b>	<b>1 518</b>	<b>1 316</b>
<b>Fees/levies</b>				
Workers compensation levies	814	703	—	—
Compulsory Third Party Premiums (CTP Regulator)	42	45	42	45
Drivers licences	76	87	76	87
Other regulatory goods	954	876	1 115	1 021
<b>Total charges for fees/levies</b>	<b>1 886</b>	<b>1 712</b>	<b>1 232</b>	<b>1 154</b>
<b>Total charges for goods and services</b>	<b>5 876</b>	<b>5 198</b>	<b>3 390</b>	<b>3 062</b>

Note : Totals may not add due to rounding.

Cost of sales/charges in relation to goods were as follows:	118	62	10	15
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Cost of goods sold forms part of expenses for use of goods and services in the Statement of comprehensive income.

Most revenue from the sale of goods and services (excluding lease contract revenue) is revenue recognised from contracts with customers under AASB 15 *Revenue from contracts with customers*. Revenue is recognised when the control of the goods or services transfers to the customer. These revenues are disaggregated by type in the above table under 'Goods' and 'Services'.

The nature of contracts with customers for the sale of goods and services vary across many government departments and public authorities. As a result, information on performance obligations, significant judgements made and costs to obtain or fulfil a contract cannot be disclosed fully in the CFR. Further information on these disclosures are provided within the financial reports of these agencies.

Contract balances are disclosed in Note 5.3 *Contracts assets* and Note 7.4 *Contract Liabilities*.

Fees and levies (excluding revenue from insurance contracts) is revenue recognised predominantly under AASB 1058. These revenues are not considered as revenues from contracts with customers as these fees and levies are paid or payable to public sector entities in accordance with established laws and/or regulations. These compulsory transfers do not give rise to a contract liability or revenue under AASB 15, even if raised in respect of specific good and services. This is because the recipient entity does not promise to provide goods or services in an enforceable agreement.

Fees and levies are recognised when the fee or levy charge occurs.

## 2.4 Interest income

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Interest earnings: SAFA	818	541	—	—
Interest earnings: other agencies	386	288	449	320
Interest on finance leases	—	—	4	5
Other investment revenue	27	16	26	16
<b>Total interest income</b>	<b>1 231</b>	<b>846</b>	<b>480</b>	<b>341</b>

Note: Totals may not add due to rounding.

Interest on funds invested is recognised as it accrues using the effective interest rate method.

## 2.5 Dividends and income tax equivalents

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Dividends	93	75	345	124
Income tax equivalents	—	—	90	90
<b>Total dividends and income tax equivalents</b>	<b>93</b>	<b>75</b>	<b>435</b>	<b>214</b>

Note : Totals may not add due to rounding.

The general government sector receives a return from the state's PNFCs and PFCs in the form of dividends, tax equivalent payments and rate equivalent payments. Revenue is recognised in the period it is earned.

## 2.6 Other revenues

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Compulsory Third Party Insurance (CTP) collections	418	450	418	450
Lifetime Support Scheme Levy collections on behalf of Lifetime Support Authority	209	189	209	189
Royalties	422	379	422	379
Resources received free of charge	136	86	80	52
Fines and penalties	140	143	140	143
Other revenues	423	468	339	389
<b>Total other revenues</b>	<b>1 750</b>	<b>1 715</b>	<b>1 610</b>	<b>1 602</b>

Note: Totals may not add due to rounding.

Other revenues are non-contractual income of the Government and are therefore recognised in accordance with AASB 1058.

Royalties, fines and penalties are recognised similarly to taxation revenue and fees and levies as they arise from statutory requirements.

Resources received free of charge (including volunteer services) relate to goods and/or services being provided free of charge. Contribution of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

### 3. Expenses

#### 3.1 Employee related expenses

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Salaries and wages	9 118	8 638	8 783	8 329
Annual leave	1 140	1 091	1 110	1 065
Long service leave	233	225	222	214
Retention leave	48	44	47	43
TVSP payments	9	49	9	48
Board fees	13	13	10	12
Other employee related expenses	15	18	20	22
<b>Total employee related expenses</b>	<b>10 576</b>	<b>10 079</b>	<b>10 201</b>	<b>9 735</b>

Note: Totals may not add due to rounding.

Employee related expenses include wages and salaries, leave entitlements and redundancy payments.

Information on outstanding employee benefits is provided at Note 7.5 *Employee benefits*.

#### 3.2 Depreciation and amortisation

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Depreciation</b>				
<b>Owned</b>				
Buildings and structures				
Buildings	680	632	518	491
Water, sewerage and drainage	292	341	25	25
Road network, rail and bus tracks	538	503	538	503
Machinery and equipment				
Plant and equipment	152	150	112	110
Vehicles	79	78	79	78
Other depreciation	—	1	—	1
<b>Total depreciation - owned assets</b>	<b>1 741</b>	<b>1 704</b>	<b>1 272</b>	<b>1 208</b>
<b>Right-of-use leased assets</b>				
Buildings and structures				
Buildings	221	227	198	200
Machinery and equipment				
Plant and equipment	32	24	31	24
Vehicles	—	—	29	26
<b>Total depreciation - Right-of-use leased assets</b>	<b>253</b>	<b>251</b>	<b>258</b>	<b>249</b>
<b>Total depreciation</b>	<b>1 994</b>	<b>1 955</b>	<b>1 530</b>	<b>1 458</b>
<b>Amortisation</b>				
Intangible assets	84	86	55	58
<b>Total amortisation</b>	<b>84</b>	<b>86</b>	<b>55</b>	<b>58</b>
<b>Total depreciation and amortisation</b>	<b>2 078</b>	<b>2 041</b>	<b>1 586</b>	<b>1 516</b>

Note: Totals may not add due to rounding.

All non-financial assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential, and in a majority of cases, on a straight-line basis. Estimates of remaining useful lives are reassessed on a regular basis for all relevant assets.

Heritage assets are anticipated to have very long and indeterminate useful lives. Their service potential is not, in any material sense, consumed during the reporting period. As such, these assets are not depreciated.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity.

Intangible assets are amortised and assessed for impairment at each reporting date.

The following are estimated useful lives for the different asset classes:

Asset class	Useful life
Land	Not depreciated
Buildings and structures	
Buildings	1-200 years
Leasehold improvements	Life of lease
Road network	1-195 years
Rail and bus tracks	5-149 years
Water, sewerage and drainage	1-200 years
Other infrastructure assets	2-100 years
Machinery and equipment	
Plant and equipment	1-100 years
Vehicles	1-40 years
Heritage assets	Indeterminate
Intangible assets	1-45 years
Right-of-use leased assets	Life of lease

### 3.3 Use of goods and services

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Short-term and low value lease expenses	44	37	43	38
Variable lease expenses	10	13	10	12
Consultancy expenses	33	40	28	34
Contract service expenses	2 004	1 877	1 755	1 668
Computing and communication expenses	567	533	527	498
Repairs and maintenance expenses	716	601	488	413
Intra-government supplies and services	—	—	153	144
Other use of goods and services	4 396	4 042	3 930	3 618
<b>Total use of goods and services</b>	<b>7 770</b>	<b>7 141</b>	<b>6 932</b>	<b>6 426</b>

Note: Totals may not add due to rounding.

Expenses arising from the use of goods and services are recognised in the reporting period in which they are incurred.

### 3.4 Interest expenses

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Interest on borrowings	1 597	1 185	895	686
Interest charges on lease liabilities	256	229	255	226
Other finance cost expenses	191	154	74	63
<b>Total interest expenses</b>	<b>2 043</b>	<b>1 568</b>	<b>1 225</b>	<b>975</b>

Note: Totals may not add due to rounding.

Interest expenses include interest charges, including interest charges on leases and borrowing costs. Interest expenses are expensed in the period in which they are incurred.

### 3.5 Grant expenses

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Recurrent grants	1 052	1 080	964	984
Capital grants	24	40	24	40
Subsidies	554	435	756	636
Intra-government transfers	—	—	201	172
Other current transfer payments	1 913	1 528	1 913	1 528
<b>Total grant expenses</b>	<b>3 542</b>	<b>3 084</b>	<b>3 857</b>	<b>3 361</b>

Note: Totals may not add due to rounding.

Grant expenses are recognised to the extent that the services required to be performed by the grantee have been performed, or the grant eligibility criteria has been satisfied.

### 3.6 Other expenses

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
National Disability Insurance Scheme Contributions	808	708	808	708
RTWSA income/redemption related workers compensation payments	369	340	—	—
Compulsory Third Party Insurance (CTP) collections	348	382	348	382
Lifetime Support Scheme disbursement to Lifetime Support Authority	209	189	209	189
Gambling prizes/dividends	431	397	431	397
Medical related workers compensation payments	153	133	—	—
Remuneration of judiciary and members of Parliament	49	46	49	46
Bad debts	35	31	35	30
Assets donated	56	39	56	42
Other expenses	573	766	358	276
<b>Total other expenses</b>	<b>3 032</b>	<b>3 031</b>	<b>2 294</b>	<b>2 070</b>

Note: Totals may not add due to rounding.

## 4. Economic flows

Other economic flows are changes in volume or value of an asset or liability that do not result from transactions.

### 4.1 Other net actuarial gains/(losses)

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Revaluation of annual leave liability	- 17	- 8	- 17	- 8
Revaluation of long service leave liability	- 182	16	- 181	13
Revaluation of workers compensation liability	34	- 19	34	- 19
Revaluation of insurance claims provision	- 191	- 59	- 77	- 15
Revaluation of retention leave liability	1	2	1	2
Revaluation of other provisions	- 204	- 275	- 51	- 21
<b>Total other net actuarial gains/(losses)</b>	<b>- 560</b>	<b>- 343</b>	<b>- 291</b>	<b>- 49</b>

Note : Totals may not add due to rounding.

Gains or losses from the revaluation of employee leave, workers compensation and self-insurance claims provisions relating to events occurring in prior periods are recognised as other economic flows.

### 4.2 Other economic flows

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Amortisation of non-produced assets	- 5	- 2	—	—
Revision to accounting estimates	3	5	3	5
Net write-down of non-financial assets	- 196	- 22	- 36	- 72
Net gain(loss) on lease modification or termination	1	7	1	—
<b>Total other economic flows</b>	<b>- 197</b>	<b>- 12</b>	<b>- 32</b>	<b>- 67</b>

Note: Totals may not add due to rounding.

Other economic flows not tabled above include:

#### Net foreign exchange gains/(losses)

Gains or losses arising from exchange rate differences relating to amounts payable and receivable in foreign currencies are brought to account in the period in which the exchange rates change, with the exception of hedges of purchases of goods and services which are deferred and included in the measurement of purchase or sale.

#### Net gain/(loss) on sale of non-financial assets

Gains or losses from the sale of non-financial assets are recognised when control of the asset has passed to the buyer.

#### Net gain/(loss) on financial assets or liabilities at fair value

Gains or losses on financial assets or liabilities are recognised in the period that the assets or liabilities are re-measured.

**Impairment loss on receivables and contract assets**

Impairment losses on receivables and contract assets are measured by applying the AASB 9 *Financial instruments* simplified approach for all contractual receivables and contract assets by using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

**Net actuarial gains/(losses) of superannuation defined benefit plans**

Actuarial gains/(losses) on superannuation defined benefit plans are recognised in the period in which they occur.

**Revaluations of deferred income tax equivalents**

Deferred tax equivalent income and expenses are recognised in the GG sector as part of 'other economic flows — included in the operating result', as well as an asset/liability. The GG sector is the counterparty to the tax effect accounting entries recognised by the PNFC and PFC sector agencies that are part of the National Tax Equivalent Regime.

This treatment is adopted on the basis that the GG sector controls these sectors and therefore, these amounts. On consolidation, these tax equivalent entries are eliminated for the whole of government accounts.

## 5. Financial assets

### 5.1 Cash and deposits

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Cash and cash equivalents <sup>(a)</sup>	3 361	2 612	11 019	10 879
Australian dollar term deposits	130	106	132	108
<b>Total cash and deposits</b>	<b>3 491</b>	<b>2 718</b>	<b>11 152</b>	<b>10 987</b>

Note: Totals may not add due to rounding.

(a) The general government sector includes the Treasurer's deposits with SAFA of \$9.283 billion (2023: \$9.279 billion)

Cash and deposits comprise cash on hand, cash at bank, deposits at call and those highly liquid investments with short periods to maturity, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### 5.2 Receivables

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Contractual</b>				
Charges for goods and services	1 127	1 009	683	641
Accrued investment income	15	11	50	39
Other contractual receivables	383	369	368	356
Impairment allowance on contractual receivables	- 114	- 106	- 88	- 81
<b>Statutory</b>				
GST receivable	122	135	91	104
Tax equivalent receivable	—	—	545	823
Other taxes collectable	430	423	441	433
<b>Other</b>				
Derivatives receivable — SAFA interest rate swaps	125	143	—	—
<b>Total receivables</b>	<b>2 088</b>	<b>1 983</b>	<b>2 090</b>	<b>2 316</b>
Current	1 876	1 820	1 524	1 515
Non current	212	163	566	801
<b>Total receivables</b>	<b>2 088</b>	<b>1 983</b>	<b>2 090</b>	<b>2 316</b>

Note: Totals may not add due to rounding.

Contractual receivables are initially recognised at fair value plus any directly attributable transactions costs. These receivables are held with the objective of collecting the contractual cash flows and therefore are subsequently measured at amortised cost, less any impairment. Receivables are normally settled within 30 days after the issue of an invoice or when the goods/services have been provided under the contractual arrangement.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes.

## Impairment of Receivables

Reconciliation of the movement in the impairment allowance on contractual receivables is shown as follows:

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Carrying amount at the beginning of the period</b>	<b>106</b>	<b>104</b>	<b>81</b>	<b>75</b>
Increase/(Decrease) in allowance recognised in P&L	21	16	12	10
Amounts written off	- 13	- 14	- 4	- 5
Amounts recovered during the year	- 1	—	- 1	—
<b>Carrying amount at end of the period</b>	<b>114</b>	<b>106</b>	<b>88</b>	<b>81</b>

Note: Totals may not add due to rounding.

Details regarding credit risk and the policies and methodology for determining impairment are set out in Note 9.1 *Financial instruments disclosures*.

## 5.3 Contract assets

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Charges for goods and services	31	25	31	25
Grant revenue	14	11	14	11
Impairment allowance on contract assets	- 5	- 4	- 5	- 4
<b>Total contract assets</b>	<b>40</b>	<b>32</b>	<b>40</b>	<b>32</b>
Current	40	32	40	32
<b>Total contract assets</b>	<b>40</b>	<b>32</b>	<b>40</b>	<b>32</b>

Note: Totals may not add due to rounding.

Contract assets primarily relate to the Government's rights to consideration for work completed but not yet billed at the reporting date on each individual contract. The contract assets are transferred to receivables when the rights become unconditional.

Contract assets are assessed for impairment in the same manner as trade receivables by applying the AASB 9 simplified approach to measure expected credit losses using the lifetime expected loss allowance. However, they are not classified as financial instruments for disclosure purposes.

Revenue from contracts with customers are disclosed in Note 2.3 *Charges for goods and services*.

## 5.4 Loans and advances

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Treasurer's loans	118	101	118	101
Loan advances	3 659	2 660	50	58
less Provision for doubtful debts - loan and advances	- 53	- 47	- 26	- 27
<b>Total loans and advances</b>	<b>3 725</b>	<b>2 713</b>	<b>142</b>	<b>132</b>

Note: Totals may not add due to rounding.

Loans and advances paid comprise loans made for policy purposes. As such, these advances are generally contracted at interest rates that are below market rates. Loan advances are initially measured at fair value plus transaction costs.

## 5.5 Investments and placements

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Marketable debt securities	16 625	15 730	—	—
Finance lease receivables	11	49	139	192
Other investments	5 171	4 537	529	509
<b>Total investments and placements</b>	<b>21 808</b>	<b>20 317</b>	<b>668</b>	<b>701</b>
Current	2 652	2 719	248	298
Non current	19 155	17 597	420	402
<b>Total investments and placements</b>	<b>21 808</b>	<b>20 317</b>	<b>668</b>	<b>701</b>

Note: Totals may not add due to rounding.

Investments and placements comprise marketable and non-marketable debt securities, convertible notes, redeemable preference shares, finance lease receivables and any other investments not classified as equity investments in listed or non-listed entities.

Further information on recognition and measurement of these assets are included in Note 9.1 *Financial instruments disclosures*.

The following table discloses the maturity analysis of the finance lease receivables, showing the undiscounted lease payments to be received under the following time bands:

### Finance Lease Receivables

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Within one year	2	41	18	60
Later than one year but no longer than five years	4	3	74	73
Later than five years	5	6	66	83
<b>Total undiscounted finance lease payments receivables</b>	<b>12</b>	<b>50</b>	<b>158</b>	<b>216</b>
Less unearned income from finances	—	—	- 19	- 24
<b>Total finance lease receivables</b>	<b>11</b>	<b>49</b>	<b>139</b>	<b>192</b>

Note: Totals may not add due to rounding.

## 5.6 Other equity investments

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Equity in listed entities	21 969	19 643	80	75
Equity in unlisted entities	11 735	13 003	36	33
<b>Total other equity investments</b>	<b>33 703</b>	<b>32 646</b>	<b>116</b>	<b>108</b>

Note: Totals may not add due to rounding.

Other equity investments includes equity investments in listed and non-listed entities. These assets include those investments held under management by Funds SA that back the State Government's superannuation fund deposit liability and those investment assets held by Return to Work SA (RTWSA) that back insurance liabilities (outstanding claims).

These investments are valued at fair value.

## 5.7 Interests in joint arrangements

Joint arrangements are contractual arrangements between the State (or a subsidiary entity) and one or more other parties to undertake an economic activity that is subject to joint control.

Joint control only exists when decisions about the relevant activity require the unanimous consent of the parties sharing control.

The difference between a joint venture and a joint operation depends on the contractual rights and obligations of each party, rather than the legal structure of the joint arrangement.

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangements. Interests in joint ventures are accounted for by using the equity method, after initially being recognised at cost in the statement of financial position.

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Interests in joint operations are accounted for using the proportionate consolidation method, with the State recognising its direct right to the assets, liabilities, revenues and expenses and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

### Joint operations

#### *Murray-Darling Basin Authority*

During the year ended 30 June 2009, the agreements for the management of the assets and resources (the water) within the Murray-Darling Basin Commission (MDBC) were restructured and the Murray-Darling Basin Authority (MDBA) was established, replacing the MDBC.

Following the restructure, the venturers have a joint interest specifically in the infrastructure assets and water rights (as opposed to an interest in an entity controlling/holding the assets).

The MDBA assets are held in two separate reporting entities: the River Murray Operations (RMO) and the Living Murray Initiative (LMI). The RMO's primary assets include physical infrastructure, the LMI's primary assets include intangibles/water licenses. The share in the individually controlled assets was transferred at transition in the original proportions of the share of the entity held by the individual jurisdictions as follows: New South Wales 26.67 per cent; South Australia 26.67 per cent; Victoria 26.67 per cent; the Commonwealth Government 20 per cent.

The arrangement is classified as a joint operation and the Department for Environment and Water recognises, on behalf of the state, its direct right to the jointly held assets, revenues and expenses based on the percentage interest. This is accounted for using the proportionate consolidation method as detailed below:

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Non-financial assets</b>				
Buildings and structures (Note 6.3)	883	852	883	852
Machinery and equipment (Note 6.2)	5	5	5	5
Intangible assets (Note 6.6)	184	183	184	183
<b>Total assets</b>	<b>1 072</b>	<b>1 040</b>	<b>1 072</b>	<b>1 040</b>

Note: Totals may not add due to rounding.

For the year ended 30 June 2024, South Australia recognised an increase in its joint interest in the MDBA assets of \$32 million (increase of \$33 million in 2022–23), bringing the state's total recognition in the MDBA assets to \$1.072 billion (\$1.040 billion at 30 June 2023).

## 6. Non-Financial assets

### 6.1 Inventories

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Work in progress	196	150	—	—
Raw materials and stores	25	23	13	12
Finished goods	4	9	1	2
Land held for resale	611	456	—	—
Other inventories	100	114	99	113
<b>Total inventories</b>	<b>936</b>	<b>752</b>	<b>113</b>	<b>127</b>
<b>The above inventories were held as follows:</b>				
Held for consumption by government controlled entities	12	12	—	1
Held for distribution at nominal cost	245	241	67	83
Held for other than distribution at nominal cost	679	500	46	44
<b>Total inventories</b>	<b>936</b>	<b>752</b>	<b>113</b>	<b>127</b>
Current	394	415	113	127
Non current	542	337	—	—
<b>Total inventories</b>	<b>936</b>	<b>752</b>	<b>113</b>	<b>127</b>

Note: Totals may not add due to rounding.

Inventories other than those held for distribution, are carried at the lower of cost and net realisable value under AASB 102 *Inventories*. For most agencies, cost is determined on either a first-in-first-out or average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location, except for trading costs which are expensed as incurred.

Where inventories are acquired for no or nominal consideration, the cost is the current replacement cost as at the date of acquisition.

Inventories held for distribution are those inventories that the government distributes for no or nominal consideration. These are measured at cost and adjusted when applicable for any loss of service potential. Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development.

### 6.2 Machinery and equipment

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Plant, equipment and vehicles at fair value	4 459	4 224	3 752	3 607
Accumulated depreciation	-2 474	-2 385	-2 290	-2 202
<b>Total plant, equipment and vehicles at fair value</b>	<b>1 985</b>	<b>1 839</b>	<b>1 463</b>	<b>1 405</b>
Plant, equipment and infrastructure under construction	345	240	341	239
<b>Total machinery and equipment</b>	<b>2 330</b>	<b>2 078</b>	<b>1 803</b>	<b>1 644</b>

Note: Totals may not add due to rounding.

All non-financial assets are measured initially at cost and subsequently revalued at fair value.

Fair value is measured having regard to the asset's highest and best use, and usually results in assets being valued at the current cost of replacing the future economic benefits that can be expected to be obtained from the remaining useful lives of the assets.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. The fair value of cash consideration with deferred settlement terms is determined by discounting any amounts payable in the future to their present value as at the date of acquisition. Present values are calculated using rates applicable to similar borrowing arrangements of the economic entity.

### **Revaluation of non-financial assets**

All non-financial tangible assets are valued at fair value, and revaluation of non financial assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Land, buildings and leasehold improvements are revalued, at a minimum, every six years. However, if at any time the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-financial tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued at fair value.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement for that class of asset previously recognised as an expense in the statement of comprehensive income, the increment is recognised as income.

Revaluation decrements are recognised immediately as an expense, except where they are debited directly to the asset revaluation reserve to the extent that a credit exists in the asset revaluation reserve in respect of the same class of asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset. Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

### 6.3 Buildings and structures

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Buildings</b>				
Buildings at fair value	28 235	25 768	22 009	20 047
Accumulated depreciation	-10 475	-10 022	-10 045	-9 653
<b>Total Buildings at fair value</b>	<b>17 760</b>	<b>15 745</b>	<b>11 964</b>	<b>10 394</b>
Buildings under service concessions	821	780	—	—
Accumulated depreciation	- 11	- 10	—	—
<b>Total Buildings under service concessions</b>	<b>810</b>	<b>770</b>	<b>—</b>	<b>—</b>
Buildings under construction	1 315	824	1 087	590
Investment properties — buildings	44	45	14	17
<b>Total buildings</b>	<b>19 930</b>	<b>17 385</b>	<b>13 064</b>	<b>11 000</b>
<b>Structures</b>				
Water, sewerage and drainage assets at fair value	19 569	20 845	2 330	2 160
Accumulated depreciation	-8 739	-9 223	- 937	- 871
<b>Total Water, sewerage and drainage assets at fair value</b>	<b>10 830</b>	<b>11 623</b>	<b>1 393</b>	<b>1 289</b>
Water, sewerage and drainage assets under construction	1 200	904	10	7
Road network, bus and rail tracks at fair value	50 421	47 495	50 418	47 493
Accumulated depreciation	-15 111	-14 041	-15 109	-14 039
<b>Total Road network, bus and rail tracks at fair value</b>	<b>35 310</b>	<b>33 455</b>	<b>35 309</b>	<b>33 454</b>
Road network, bus and rail tracks under construction	1 848	1 606	1 848	1 606
<b>Total Road network, bus and rail tracks under construction</b>	<b>1 848</b>	<b>1 606</b>	<b>1 848</b>	<b>1 606</b>
<b>Total structures</b>	<b>49 188</b>	<b>47 587</b>	<b>38 560</b>	<b>36 355</b>
<b>Total buildings and structures</b>	<b>69 117</b>	<b>64 972</b>	<b>51 624</b>	<b>47 355</b>

Note: Totals may not add due to rounding.

#### Investment properties

All investment properties are reported as non-financial assets in the statement of financial position. In accordance with AASB 140 *Investment Property*, properties held to earn rental income or for capital gains purposes are classified as investment properties. Such properties are valued at fair value. Changes in fair value are recognised in the statement of comprehensive income and no depreciation expense or asset impairment is recognised.

#### Land and Buildings under Service Concession arrangements

Service concession assets relating to Land and Buildings are properties captured under AASB 1059 *Service Concession Assets* and relates to various arrangements that the South Australian Housing Trust (SAHT) has with Community Housing Providers (CHPs) where the CHPs provide affordable or social housing services on behalf of the SAHT.

## 6.4 Heritage assets

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Heritage assets at fair value	1 445	1 444	1 436	1 430
Accumulated amortisation	- 1	- 1	- 1	- 1
<b>Total heritage assets</b>	<b>1 444</b>	<b>1 443</b>	<b>1 435</b>	<b>1 429</b>

Note: Totals may not add due to rounding.

Heritage assets primarily relate to heritage collections held by the Art Gallery Board, Museum Board and the Libraries Board of South Australia. These heritage collections are large and diverse.

In instances where there are sufficient observable transactions of similar assets, the market approach has been utilised to determine fair value. Where there is no active market for these heritage collections, valuations are performed using the cost approach (i.e. depreciated reproduction cost) taking into account the assets' characteristics and restrictions.

All valuations are performed by valuers that specialise in the valuation of heritage assets.

## 6.5 Biological assets

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Standing timber (commercial forests)	117	124	—	—
Other plants and livestock	4	4	4	4
<b>Total biological assets</b>	<b>121</b>	<b>127</b>	<b>4</b>	<b>4</b>

Note: Totals may not add due to rounding.

Biological assets predominantly consist of standing timber. Standing timber is valued at the net present value of future cash flows. This policy is in accordance with the requirements of AASB 141 *Agriculture* and all amounts are calculated in pre-tax dollars.

## 6.6 Intangible assets

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Intangible assets at cost	1 659	1 593	1 121	1 073
Accumulated amortisation	- 965	- 890	- 608	- 560
<b>Total intangibles at cost</b>	<b>694</b>	<b>703</b>	<b>513</b>	<b>513</b>
Intangibles under service concessions	337	322	337	322
Accumulated amortisation	- 10	- 4	- 10	- 4
<b>Total Intangibles under service concessions</b>	<b>327</b>	<b>318</b>	<b>327</b>	<b>318</b>
<b>Total intangibles</b>	<b>1 021</b>	<b>1 020</b>	<b>840</b>	<b>831</b>

Note: Totals may not add due to rounding.

## Intangible assets

An intangible asset is an indefinable non-monetary asset without physical substance. All intangible assets are reported as non-financial assets on the statement of financial position. Intangible assets are measured at cost and tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The government only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition criteria and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

All research and development costs that do not meet the capitalisation criteria outlined in AASB 138 *Intangible Assets* are expensed. Subsequent expenditure on intangible assets has not been capitalised.

### Service Concession intangible assets

Service concession intangible assets consist of service concession data (\$320 million) comprising the State's Land Title Register and Valuation Roll, and service concession software (\$7 million) comprising the South Australian Integrated Land Information System (SAILIS Software).

In 2017-18, the Government entered into an agreement with a private sector operator to provide land titling, registration and valuation services to the Government. This arrangement falls under the requirements of *AASB 1059 Service Concession Arrangements: Grantors*.

The related liability (referred to as the grant of a right to the operator liability) is recognised as unearned revenue in Note 7.9 *Other liabilities*. This liability will be progressively reduced over the period of the arrangement, which is 47 years, on a straight line basis.

Service concession data assets are measured at current replacement cost based on AASB 13 *Fair Value Measurement* in accordance with AASB 1059. Service concession data are intangible assets with an indefinite life, meaning that the carrying amount of these assets are not amortised. The fair value of the data service concession asset is assessed at each year end.

The service concession software is measured at cost and amortised over the useful life of 11 years.

### Valuation of service concession data assets

To comply with the requirements of AASB 1059, a valuation of the data and the cost in replacing that data held within SAILIS was undertaken in 2023-24. This led to a \$10.7 million revaluation increment (\$7.5 million decrement) being recognised in 2023-24.

The current replacement cost of an asset is determined by reference to the replacement cost of a new modern equivalent of the asset, and adjusted to reflect losses in value attributable to physical depreciation/amortisation and obsolescence. This approach is also deemed to be the minimum cost to replace the existing asset with the same economic benefit.

The current replacement cost of service concession data was derived as a hypothetical exercise with the following assumptions:

- The information required to populate and recreate the register is available at no cost.
- The existence of physical or electronic copy of a record that can be used to recreate the data.
- SAILIS software, architecture and trained workforce required for data recreation are available.
- Only data that sits within the system is replicated.

Considering these assumptions, the minimum cost to replicate the existing service potential of service concession data is calculated based on:

- The cost of manually inputting and manipulating records, using the cost incurred by the current operator to process dealings/plan/titles at valuation date. These costs are then applied to the relevant total volume of records.
- The scanning and digitising costs i.e. the estimates of current cost to input non digital records into SAILIS.
- Due to the nature and complexity that might surround a data recreation project of this size, a contingency amount is included to cater for variations in the cost of recreating complicated records, technological requirements, quality assurance, timing and staffing.

The calculation of the fair value of service concession data assets requires judgements, estimates and assumptions relating to future events. The estimates and assumptions are based on previous experience and other factors considered reasonable in the circumstances, but that are inherently uncertain and unpredictable.

## 6.7 Non-financial assets held for sale or transfer

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Machinery and equipment	10	11	—	6
Buildings and structures	1	7	1	144
Land	9	43	8	89
Other assets	7	1	—	7
<b>Total non-financial assets held for sale or transfer</b>	<b>27</b>	<b>62</b>	<b>9</b>	<b>247</b>

Note: Totals may not add due to rounding.

All non-financial assets held for sale or transfer are split into produced and non-produced non financial assets on the statement of financial position. In accordance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, non financial assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and have not been depreciated or amortised.

## 6.8 Other non-financial assets

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Prepayments	168	145	122	106
Other non-financial assets	35	33	23	28
<b>Total other non-financial assets</b>	<b>203</b>	<b>178</b>	<b>145</b>	<b>134</b>

Note: Totals may not add due to rounding.

## 6.9 Land

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Site land at fair value	13 333	11 320	5 302	4 602
Site land at cost	913	612	913	612
Land under roads	4 853	4 413	4 853	4 413
Land held under Service Concession	1 693	1 428	—	—
National parks and other 'land only' holdings at fair value	1 134	875	1 092	836
Investment properties — land	113	96	16	13
<b>Total land</b>	<b>22 040</b>	<b>18 744</b>	<b>12 176</b>	<b>10 476</b>

Note: Totals may not add due to rounding.

### Land under roads

Accounting standard AASB 1051 Land Under Roads allows reporting entities to elect not to recognise land under roads acquired prior to 1 July 2008. This election has been made by the Department for Infrastructure and Transport (DIT) with respect to land under roads in its financial statements, with only land under roads acquired after 1 July 2008 having been recognised in accordance with the requirements of AASB 1051. However, AASB 1049 requires that where an accounting standard permits a choice of accounting policy, the policy that aligns with GFS principles must be chosen.

GFS principles require measurement of all assets at market value. Under this interpretation, the election permitted in AASB 1051 cannot be applied to the general government sector or whole of government reports.

Land under roads is revalued by the Valuer-General on a triennial basis, with annual updates applied where movements in value are considered material. The last triennial revaluation was performed as at 30 June 2023.

As 2023-24 is the first intervening year between triennial reviews, the Valuer-general has provided an updated indexed figure that represents a 8.8 per cent increase (\$365 million) over the triennial review performed in 2022-23. In accordance with the policy on valuation of land under roads, and applying the 'englobo' valuation methodology and using road network records of DIT, land under roads as at 30 June 2024 was revalued to \$4.507 billion. This amount is in addition to the amounts booked by DIT of \$346 million.

## 6.10 Reconciliation of non-financial assets

Reconciliations of the carrying amounts of each class of non-financial assets at the beginning and end of the year are as follows:

(\$ millions)

Whole of Government 2024	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2023	2 078	64 972	1 443	127	1 020	18 744	<b>88 385</b>
Additions	371	1 110	5	1	30	9	<b>1 525</b>
Capitalised subsequent expenditure	100	2 144	—	—	12	417	<b>2 673</b>
Disposals	- 44	- 15	- 2	- 1	—	- 31	<b>- 94</b>
Transfers	- 46	- 71	- 1	- 7	46	26	<b>- 54</b>
Revaluation movements	106	2 508	1	1	11	2 864	<b>5 490</b>
Recoverable amount write-downs or impairment losses	- 6	- 39	—	—	- 4	- 3	<b>- 51</b>
Depreciation and amortisation expense	- 231	-1 510	—	—	- 90	—	<b>-1 831</b>
Other movements	2	18	- 1	—	- 4	14	<b>29</b>
<b>Carrying amount 30 June 2024</b>	<b>2 330</b>	<b>69 117</b>	<b>1 444</b>	<b>121</b>	<b>1 021</b>	<b>22 040</b>	<b>96 073</b>

(\$ millions)

Whole of Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible assets	Land	Total
Balance at 1 July 2022	1 999	61 940	1 435	113	1 040	16 362	<b>82 889</b>
Additions	323	2 066	2	1	38	18	<b>2 449</b>
Capitalised subsequent expenditure	63	820	—	—	12	—	<b>895</b>
Disposals	- 31	- 21	- 1	- 2	—	- 30	<b>- 84</b>
Transfers	- 50	- 315	4	—	37	137	<b>- 188</b>
Revaluation movements	5	2 005	3	14	- 7	2 243	<b>4 263</b>
Recoverable amount write-downs or impairment losses	- 3	- 51	—	—	- 3	—	<b>- 57</b>
Depreciation and amortisation expense	- 228	-1 476	- 1	—	- 88	—	<b>-1 792</b>
Other movements	—	4	—	1	- 9	13	<b>10</b>
<b>Carrying amount 30 June 2023</b>	<b>2 078</b>	<b>64 972</b>	<b>1 443</b>	<b>127</b>	<b>1 020</b>	<b>18 744</b>	<b>88 385</b>

Note: Totals may not add due to rounding.

**Reconciliation of non-financial assets (continued)**

(\$ millions)

<b>General Government 2024</b>	<b>Machinery and equipment</b>	<b>Buildings and structures</b>	<b>Heritage assets</b>	<b>Biological assets</b>	<b>Intangible assets</b>	<b>Land</b>	<b>Total</b>
Balance at 1 July 2023	1 644	47 355	1 429	4	831	10 476	<b>61 739</b>
Additions	252	928	5	1	22	8	<b>1 217</b>
Capitalised subsequent expenditure	100	1 417	—	—	10	417	<b>1 944</b>
Disposals	- 6	- 9	- 2	- 1	—	- 26	<b>- 44</b>
Transfers	- 50	22	3	—	22	25	<b>22</b>
Revaluation movements	58	2 983	1	—	11	1 277	<b>4 329</b>
Recoverable amount write-downs or impairment losses	- 6	- 8	—	—	—	- 3	<b>- 16</b>
Depreciation and amortisation expense	- 191	-1 081	—	—	- 55	—	<b>-1 327</b>
Other movements	2	17	- 1	—	—	—	<b>18</b>
<b>Carrying amount 30 June 2024</b>	<b>1 803</b>	<b>51 624</b>	<b>1 435</b>	<b>4</b>	<b>840</b>	<b>12 176</b>	<b>67 882</b>

(\$ millions)

<b>General Government 2023</b>	<b>Machinery and equipment</b>	<b>Buildings and structures</b>	<b>Heritage assets</b>	<b>Biological assets</b>	<b>Intangible assets</b>	<b>Land</b>	<b>Total</b>
Balance at 1 July 2022	1 588	44 005	1 421	5	839	8 787	<b>56 646</b>
Additions	235	1 973	2	1	33	19	<b>2 262</b>
Capitalised subsequent expenditure	63	226	—	—	8	—	<b>297</b>
Disposals	- 6	- 10	- 1	- 2	—	- 15	<b>- 33</b>
Transfers	- 48	- 366	4	—	28	214	<b>- 169</b>
Revaluation movements	3	2 590	3	- 1	- 7	1 470	<b>4 058</b>
Recoverable amount write-downs or impairment losses	- 3	- 48	—	—	- 3	—	<b>- 54</b>
Depreciation and amortisation expense	- 188	-1 019	- 1	—	- 58	—	<b>-1 266</b>
Other movements	—	4	—	1	- 9	1	<b>- 2</b>
<b>Carrying amount 30 June 2023</b>	<b>1 644</b>	<b>47 355</b>	<b>1 429</b>	<b>4</b>	<b>831</b>	<b>10 476</b>	<b>61 739</b>

Note: Totals may not add due to rounding.

## 6.11 Right-of-use leased assets

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Machinery and equipment	282	219	334	259
Buildings and structures	3 737	3 785	3 555	3 590
Land	4	4	3	3
<b>Total Right-of-use leased assets</b>	<b>4 024</b>	<b>4 007</b>	<b>3 893</b>	<b>3 852</b>

Note: Totals may not add due to rounding.

Reconciliations of the carrying amounts of each class of right-of-use leased assets at the beginning and end of the year are as follows:

(\$ millions)

Whole of Government 2024	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2023	219	3 785	4	4 007
Additions	95	152	- 1	246
Disposals	—	- 2	—	- 2
Transfers	—	16	1	17
Revaluation movements	—	7	—	7
Depreciation expense	- 32	- 221	—	- 253
<b>Carrying amount on 30 June 2024</b>	<b>282</b>	<b>3 737</b>	<b>4</b>	<b>4 024</b>

(\$ millions)

General Government 2024	Machinery and equipment	Buildings and structures	Land	Total
Balance at 1 July 2023	259	3 590	3	3 852
Additions	134	152	—	285
Disposals	—	- 2	—	- 2
Transfers	1	6	—	8
Revaluation movements	—	7	—	7
Depreciation expense	- 60	- 198	—	- 258
<b>Carrying amount on 30 June 2024</b>	<b>334</b>	<b>3 555</b>	<b>3</b>	<b>3 893</b>

Note: Totals may not add due to rounding.

<b>Whole of Government 2023</b>	<b>Machinery and equipment</b>	<b>Buildings and structures</b>	<b>Land</b>	<b>Total</b>
Balance at 1 July 2022	242	3 764	2	<b>4 008</b>
Additions	2	225	- 1	<b>226</b>
Disposals	—	- 77	—	<b>- 77</b>
Transfers	- 1	96	2	<b>96</b>
Revaluation movements	—	7	—	<b>7</b>
Depreciation expense	- 24	- 227	—	<b>- 251</b>
Other movements	—	- 2	—	<b>- 2</b>
<b>Carrying amount on 30 June 2023</b>	<b>219</b>	<b>3 785</b>	<b>4</b>	<b>4 007</b>

(\$ millions)

<b>General Government 2023</b>	<b>Machinery and equipment</b>	<b>Buildings and structures</b>	<b>Land</b>	<b>Total</b>
Balance at 1 July 2022	281	3 553	1	<b>3 834</b>
Additions	29	221	—	<b>251</b>
Disposals	—	- 1	—	<b>- 1</b>
Transfers	- 1	12	2	<b>13</b>
Revaluation movements	—	7	—	<b>7</b>
Depreciation expense	- 50	- 200	—	<b>- 249</b>
Other movements	—	- 2	—	<b>- 2</b>
<b>Carrying amount on 30 June 2023</b>	<b>259</b>	<b>3 590</b>	<b>3</b>	<b>3 852</b>

Note: Totals may not add due to rounding.

Right-of-use leased assets are measured at cost. Following initial recognition, right-of-use leased assets are carried at cost less any accumulated depreciation.

The lease liabilities related to the right-of-use leased assets are disclosed in Note 7.2 *Borrowings*. The maturity analysis of the lease liabilities is disclosed in Note 9.1 *Financial instrument disclosures*.

Any income from subleasing in the general government sector is reported in Note 2.3 *Charges for goods and services*.

Expenses related to leases are disclosed in Note 3.2 *Depreciation* and Note 3.4 *Interest expenses*.

Gains or losses arising from sale and leaseback transactions are disclosed in net gain/(loss) on sale of non-financial assets within other economic flows - included in net result.

Cash outflows related to leases are disclosed in Note 8.5 *Cash flows from leases*.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use leased assets. The associated lease payments are recognised as an expense and are disclosed in Note 3.3 *Use of goods and services*.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Government to further its objectives, are also measured at cost. These right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, subject to impairment. These arrangements are not significant in number or value for the Government.

Major leases held by the Government include:

***New Royal Adelaide Hospital financing arrangements***

The Royal Adelaide Hospital (RAH) lease which commenced in June 2011, achieved commercial acceptance in June 2017, and is for 35 years. The SA Health Partnership Consortium trading as Celsus entered into an arrangement to finance, design, build, operate and maintain the new RAH. Under the arrangement, Celsus will maintain and provide non-medical support services including facilities management by Spotless and information and communication technology (ICT) support and maintenance by DXC Technology for the duration of the contract. The arrangement is referred to as a Public Private Partnership (PPP). At the conclusion of the contract in 2046, the Consolidated Entity will take full ownership of the RAH. Celsus have an obligation to deliver the RAH in a condition fit for its intended purpose and fully maintained in accordance with the agreed asset management plan.

***Department for Infrastructure and Transport***

Properties leased by the Department for Infrastructure and Transport from external landlords for office and other accommodation, on behalf of the whole of the government sector.

***Department for Education***

Education Works New Schools Public Private Partnership lease, which is a 30 year agreement entered into in July 2009 for the financing, design, construction, and maintenance of six schools. This agreement includes the provision of operational and maintenance services by the operator for a specified period of time, and is referred to as a Public Private Partnership.

In December 2019, the state of South Australia entered into a Project Deed for the delivery of the SA School Private Partnership Project for the finance, design, construction and maintenance of two birth-to-year 12 schools under a Public Private Partnership (PPP) agreement. This is referred to as the SA Schools PPP agreement.

Under the PPP agreements, the government pays the operator over the period of the arrangement, subject to specified performance criteria being met. These estimated periodic payments relate to the ongoing operation and maintenance of the facilities accounted for as operating costs which are expensed in the Statement of Comprehensive Income.

## 6.12 Fair value hierarchy of non-financial assets

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

The government classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation.

- Level 1 — traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 — not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 — not traded in an active market and are derived from unobservable inputs.

In determining fair value, the government has taken into account the characteristic of the asset (e.g. condition and location of the asset and restrictions on the sale or use of the asset), and the asset's highest and best use — that is physically possible, legally permissible and financially feasible.

The current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As there were no factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years' are deemed to approximate fair value.

The following tables present the consolidated non-financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy for both the whole of government and the general government sector.

The government had no valuations categorised into level 1.

(\$ millions)

Whole of Government 2024	Fair value	Level 2	Level 3
<b>Recurring fair value measurements</b>			
Machinery and equipment <sup>(a)</sup>	1 985	255	1 730
Buildings and structures <sup>(a)</sup>	64 535	6 229	58 306
Heritage assets	1 444	1 220	224
Biological assets	121	1	120
Land	21 127	14 713	6 414
Intangible assets under service concession (data assets)	320	—	320
<b>Total recurring fair value measurements</b>	<b>89 532</b>	<b>22 418</b>	<b>67 114</b>
<b>Non-recurring fair value measurements</b>			
Non-financial assets held for sale or transfer	27	27	—
<b>Total non-recurring fair value measurements</b>	<b>27</b>	<b>27</b>	<b>—</b>
<b>Total fair value measurements</b>	<b>89 559</b>	<b>22 445</b>	<b>67 114</b>

(\$ millions)

Whole of Government 2023	Fair value	Level 2	Level 3
<b>Recurring fair value measurements</b>			
Machinery and equipment <sup>(a)</sup>	1 839	226	1 612
Buildings and structures <sup>(a)</sup>	61 434	5 567	55 867
Heritage assets	1 443	1 219	224
Biological assets	127	1	126
Land	18 132	12 181	5 951
Intangible assets under service concession (data assets)	309	—	309
<b>Total recurring fair value measurements</b>	<b>83 284</b>	<b>19 194</b>	<b>64 090</b>
<b>Non-recurring fair value measurements</b>			
Non-financial assets held for sale or transfer	62	52	9
<b>Total non-recurring fair value measurements</b>	<b>62</b>	<b>52</b>	<b>9</b>
<b>Total fair value measurements</b>	<b>83 346</b>	<b>19 247</b>	<b>64 099</b>

(\$ millions)

General Government 2024	Fair value	Level 2	Level 3
<b>Recurring fair value measurements</b>			
Machinery and equipment <sup>(a)</sup>	1 463	19	1 443
Buildings and structures <sup>(a)</sup>	48 461	738	47 723
Heritage assets	1 435	1 220	215
Biological assets	4	1	3
Land	11 263	5 000	6 263
Intangible assets under service concession (data assets)	320	—	320
<b>Total recurring fair value measurements</b>	<b>62 945</b>	<b>6 979</b>	<b>55 966</b>
<b>Non-recurring fair value measurements</b>			
Non-financial assets held for sale or transfer	9	9	—
<b>Total non-recurring fair value measurements</b>	<b>9</b>	<b>9</b>	<b>—</b>
<b>Total fair value measurements</b>	<b>62 954</b>	<b>6 988</b>	<b>55 966</b>

Note: Totals may not add due to rounding.

(\$ millions)

<b>General Government 2023</b>	<b>Fair value</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Recurring fair value measurements</b>			
Machinery and equipment <sup>(a)</sup>	1 405	13	1 393
Buildings and structures <sup>(a)</sup>	44 950	478	44 472
Heritage assets	1 429	1 215	215
Biological assets	4	1	2
Land	9 864	3 980	5 884
Intangible assets under service concession (data assets)	309	—	309
<b>Total recurring fair value measurements</b>	<b>57 961</b>	<b>5 686</b>	<b>52 275</b>
<b>Non-recurring fair value measurements</b>			
Non-financial assets held for sale or transfer	247	94	152
<b>Total non-recurring fair value measurements</b>	<b>247</b>	<b>94</b>	<b>152</b>
<b>Total fair value measurements</b>	<b>58 208</b>	<b>5 781</b>	<b>52 427</b>

Note: Totals may not add due to rounding.

(a) Machinery and equipment and Buildings and structures exclude all works under construction.

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2023-24. All transfers into and out of fair value hierarchy levels are recognised at the end of the reporting period.

### Valuation techniques and inputs

Although observable inputs are used in determining fair value, and are subjective, the overall valuation would not be materially affected by reasonable possible alternative assumptions. There were no changes in valuation techniques during 2023-24.

The Department for Infrastructure and Transport, SA Water Corporation and the South Australian Housing Trust contribute to approximately 71 per cent of the total non-financial assets of the government. The techniques and inputs used in valuing those non-financial assets can vary depending on the nature of the asset for that agency. Further information on valuation techniques and inputs are provided in those agency's financial statements.

The following tables provide a reconciliation of fair value measurements using significant unobservable inputs (level 3).

(\$ millions)

Whole of Government 2024	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible data assets under Service		Total
					Land	Concession	
Opening Balance at the beginning of the period	1 612	55 867	224	126	5 951	309	64 090
Acquisitions	145	1 692	1	1	56	—	1 895
Capitalised subsequent expenditure	25	392	—	—	—	—	417
Disposals	- 8	- 11	- 2	- 1	- 10	—	- 32
Resources received/(provided) free of charge	1	22	1	—	- 2	—	22
Net transfer in/(out) of level 3	13	- 227	—	—	- 290	—	- 504
Transfers between asset classes	46	- 94	—	—	- 67	—	- 115
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	31	8	—	—	- 3	7	43
Impairment losses/reversals	- 1	29	—	—	—	—	29
Depreciation	- 211	- 1 368	—	—	—	—	- 1 578
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	75	1 997	1	- 6	778	3	2 847
<b>Carrying amount at the end of the period</b>	<b>1 730</b>	<b>58 306</b>	<b>224</b>	<b>120</b>	<b>6 414</b>	<b>320</b>	<b>67 114</b>

(\$ millions)

Whole of Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible data assets under Service		Total
					Land	Concession	
Opening Balance at the beginning of the period	1 555	54 174	210	112	5 066	316	61 434
Acquisitions	180	1 786	1	1	19	—	1 988
Capitalised subsequent expenditure	13	223	—	—	—	—	236
Disposals	- 7	- 35	- 1	—	- 8	—	- 51
Resources received/(provided) free of charge	- 1	—	—	—	6	—	5
Net transfer in/(out) of level 3	26	15	—	—	45	—	86
Transfers between asset classes	42	268	11	—	- 85	—	236
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	2	7	—	15	1	—	25
Impairment losses/reversals	- 1	- 5	—	- 1	—	—	- 7
Depreciation	- 199	- 1 360	—	—	—	—	- 1 559
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	3	793	3	- 1	907	- 7	1 698
<b>Carrying amount at the end of the period</b>	<b>1 612</b>	<b>55 867</b>	<b>224</b>	<b>126</b>	<b>5 951</b>	<b>309</b>	<b>64 090</b>

Note: Totals may not add due to rounding.

(\$ millions)

General Government 2024	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible data assets under Service		Total
					Land	Concession	
Opening Balance at the beginning of the period	1 393	44 472	215	2	5 884	309	52 275
Acquisitions	106	1 159	1	1	13	—	1 281
Capitalised subsequent expenditure	25	389	—	—	—	—	414
Disposals	- 7	- 10	- 2	- 1	- 10	—	- 29
Resources received/(provided) free of charge	1	22	1	—	- 2	—	22
Net transfer in/(out) of level 3	13	- 227	—	—	- 290	—	- 504
Transfers between asset classes	45	15	—	—	- 75	—	- 16
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	—	8	—	—	- 4	7	12
Impairment losses/reversals	- 1	30	—	—	—	—	30
Depreciation	- 190	-1 048	—	—	—	—	-1 237
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	58	2 913	1	—	745	3	3 719
<b>Carrying amount at the end of the period</b>	<b>1 443</b>	<b>47 723</b>	<b>215</b>	<b>3</b>	<b>6 263</b>	<b>320</b>	<b>55 966</b>

(\$ millions)

General Government 2023	Machinery and equipment	Buildings and structures	Heritage assets	Biological assets	Intangible data assets under Service		Total
					Land	Concession	
Opening Balance at the beginning of the period	1 345	40 973	210	4	5 001	316	47 848
Acquisitions	165	1 358	1	1	19	—	1 544
Capitalised subsequent expenditure	13	223	—	—	—	—	235
Disposals	- 7	- 35	- 1	—	- 8	—	- 50
Resources received/(provided) free of charge	- 1	—	—	—	6	—	5
Net transfer in/(out) of level 3	26	15	—	—	45	—	86
Transfers between asset classes	36	268	1	—	- 85	—	219
Gains/(losses) for the period recognised in net result:							
Revaluation increment/decrement	—	7	—	—	—	—	7
Impairment losses/reversals	- 1	- 5	—	- 1	—	—	- 7
Depreciation	- 185	- 997	—	—	—	—	-1 182
Gains/(losses) for the period recognised in other comprehensive income:							
Revaluation increment/decrement	3	2 664	3	- 1	907	- 7	3 569
<b>Carrying amount at the end of the period</b>	<b>1 393</b>	<b>44 472</b>	<b>215</b>	<b>2</b>	<b>5 884</b>	<b>309</b>	<b>52 275</b>

Note: Totals may not add due to rounding.

## 7. Liabilities

### 7.1 Deposits held

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Deposits at call	188	181	342	529
<b>Total deposits held</b>	<b>188</b>	<b>181</b>	<b>342</b>	<b>529</b>

Note: Totals may not add due to rounding.

Deposits held represent liabilities for customer security deposits which can be refunded at any time. These deposits are recognised at no less than the amount payable on demand, in accordance with AASB 13 *Fair Value Measurement*.

### 7.2 Borrowings

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Debt securities	34 708	30 537	—	—
Lease liability	4 209	4 162	4 216	4 153
PPP Liability	214	219	214	219
Loan liability	4	3	26 512	24 630
<b>Total borrowings</b>	<b>39 135</b>	<b>34 921</b>	<b>30 943</b>	<b>29 002</b>

Note: Totals may not add due to rounding.

Borrowings comprise of debt securities, lease liabilities and loan liabilities held by the Government.

Further information on recognition and measurement of these liabilities are discussed in Note 9.1 *Financial instruments disclosures*.

Major types of leases held by the Government of South Australia are discussed under Note 6.11 *Right-of-use leased assets*.

### 7.3 Payables

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Contractual</b>				
Creditors	703	572	497	436
Accruals	813	712	829	734
Other contractual payables	146	239	125	124
<b>Statutory</b>				
GST payable	13	15	4	2
Other taxes payable	2	1	1	1
Other statutory payables	3	2	3	2
<b>Other</b>				
Derivatives payable — SAFA interest rate swap	298	451	—	—
<b>Total payables</b>	<b>1 977</b>	<b>1 993</b>	<b>1 458</b>	<b>1 299</b>
Current	1 893	1 930	1 351	1 213
Non current	84	63	107	86
<b>Total payables</b>	<b>1 977</b>	<b>1 993</b>	<b>1 458</b>	<b>1 299</b>

Note: Totals may not add due to rounding.

Contractual payables represent liabilities for goods and services provided at the end of the financial year that are unpaid. They are measured at amortised cost and are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing.

Statutory payables do not arise from contracts and are recognised and measured similarly to contractual payables, but are not classified as financial instruments for disclosure purposes.

### 7.4 Contract liabilities

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Charges for goods and services	103	98	49	50
Grant revenue	35	25	35	25
<b>Total contract liabilities</b>	<b>138</b>	<b>123</b>	<b>83</b>	<b>75</b>
Current	137	122	83	75
Non current	1	1	—	—
<b>Total contract liabilities</b>	<b>138</b>	<b>123</b>	<b>83</b>	<b>75</b>

Note: Totals may not add due to rounding.

Contract liabilities primarily relate to advance consideration received from customers, for which revenue is recognised over time.

Revenue of \$115 million was recognised in 2023-24 for the whole of government (\$70 million in the general government sector) that was included in contract liabilities at 1 July 2023. No revenue was recognised in 2023-24 from performance obligations satisfied (or partially satisfied) in previous periods.

An analysis of the expected realisation of contract liabilities as revenue at 30 June 2024 is provided below:

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
2024-25	137	122	83	75
2025-26	1	1	—	—
2026-27 - onwards	—	1	—	—
<b>Total contract liabilities</b>	<b>138</b>	<b>123</b>	<b>83</b>	<b>75</b>

Note: Totals may not add due to rounding.

Unearned revenue not recognised from contracts with customers is disclosed in Note 7.9 *Other liabilities*.

Revenue from contracts with customers are disclosed in Note 2.2 *Grant revenue* and Note 2.3 *Charges for goods and services*.

## 7.5 Employee related liabilities

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Accrued wages and salaries	228	216	226	214
Annual leave	982	913	949	882
Long service leave	2 057	1 867	1 987	1 803
Retention leave	77	76	76	75
Other employee related liabilities	280	244	274	239
<b>Total employee related liabilities</b>	<b>3 624</b>	<b>3 316</b>	<b>3 512</b>	<b>3 213</b>
Current	1 661	1 550	1 610	1 500
Non current	1 963	1 766	1 901	1 713
<b>Total employee related liabilities</b>	<b>3 624</b>	<b>3 316</b>	<b>3 512</b>	<b>3 213</b>

Note: Totals may not add due to rounding.

Employee related liabilities (including wages, salaries, annual leave, long service leave, skills and experience retention leave, sick leave and superannuation benefits) reflect those benefits accrued as a result of services provided by employees up to the reporting date that remain unpaid.

In accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, employee benefits expected to be settled within 12 months of the reporting date are measured at the nominal amounts expected to be paid on settlement. Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments using the project unit credit method.

In measuring the liability for non-vesting sick leave at reporting date, only that component of the accumulated benefits that are expected to result in payments to employees are recognised.

The estimated liability for long service leave is based on actuarial assumptions over the expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data across all South Australian government entities. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. For 2023-24, the yield on long term Commonwealth Government bonds has increased from 4.0% (2022-23) to 4.25%. This increase in the bond yield, which is used as the rate to discount future long service leave cashflows, results in a decrease in the reported long service liability. As a result of the actuarial assessment performed, the salary inflation rate increased from the 2023 rate of 2.5% to 3.5% for long service liability.

The net financial effect of all actuarial assumptions in the current financial year is an increase in the long service leave liability of \$182 million at Whole of Government (\$181 million for General Government).

## 7.6 Unfunded superannuation liabilities

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Unfunded superannuation liabilities	6 893	7 518	6 893	7 518
<b>Total unfunded superannuation liabilities</b>	<b>6 893</b>	<b>7 518</b>	<b>6 893</b>	<b>7 518</b>

Note: Totals may not add due to rounding.

This note provides information about the state's defined benefits superannuation schemes and contains information on:

- the various superannuation schemes
- funding status of plans (including actual return on plan assets and impact of assumptions on the movement in 2023-24 liabilities)
- reconciliations of the present value of the defined benefit obligation and the fair value of defined benefit plan assets
- major economic assumptions
- target asset allocation (by asset class).

### SA Public Sector Defined Benefit Superannuation Schemes

The government and its controlled entities contribute, for their employees, to a number of defined benefit and defined contribution superannuation plans. The government administers the following defined benefit schemes:

- State Scheme — consists of a defined benefit pension scheme closed to new members from 31 May 1986 and a defined benefit lump sum scheme closed to new members from 4 May 1994
- Police Superannuation Scheme — a defined benefit pension scheme closed to new members from 1 June 1990
- Parliamentary Superannuation Scheme — consists of the old scheme closed to new entrants in 1995 and new scheme which was closed to new entrants on 15 September 2005
- Judges' Pension Scheme — a defined benefit non-contributory pension scheme
- Governors' Pension Scheme — a defined benefit pension scheme for former Governors
- SA Ambulance Service Scheme — consists of a defined benefit scheme, closed to new members from 1 July 2008.

The government recognises a liability to these defined benefit plans in accordance with AASB 119 *Employee Benefits*. The liability represents the estimated present value of the defined benefit obligations for these plans as at reporting date, less the fair value of plan assets.

A separate annual financial report is prepared for each of the above defined benefit plans, in accordance with AASB 1056 *Superannuation Entities*.

### Funding status of defined benefit plans

Details of the funding status of defined benefit plans as at reporting date, as determined by the Department of Treasury and Finance or by trustees of the various plans, are set in the table below. All defined benefit plans are either wholly or partly funded.

(\$ millions)

Defined benefit plans	Accrued benefits		Fair value plans assets		SA Govt liability (deficit) to plans	
	2024	2023	2024	2023	2024	2023
Govt of SA administered schemes <sup>(a)</sup>						
State scheme	10 147	10 707	4 472	4 562	5 675	6 145
Police scheme	3 569	3 671	2 444	2 375	1 125	1 295
Parliamentary super scheme	257	267	224	225	32	42
Judges' pension scheme	424	432	333	323	92	109
Governors' pension scheme	5	5	2	3	3	2
SA Ambulance scheme	261	264	291	284	- 29	- 20
<b>Total Govt of SA administered schemes</b>	<b>14 664</b>	<b>15 346</b>	<b>7 766</b>	<b>7 771</b>	<b>6 898</b>	<b>7 574</b>
Other schemes <sup>(b)</sup>	433	471	438	527	- 4	- 56
Member funded benefits	- 413	- 442	- 413	- 442	—	—
<b>Total</b>	<b>14 684</b>	<b>15 374</b>	<b>7 790</b>	<b>7 856</b>	<b>6 893</b>	<b>7 518</b>

Note : Totals may not add due to rounding.

(a) These schemes are administered by Super SA.

(b) Other schemes comprise of the SA Government sub-fund in the Electricity Industry Superannuation Scheme and South Australian Superannuation Lump Sum Scheme. From 2023-24, the Metropolitan Fire Service Scheme was removed from the valuation as there is no obligation held by the Government for this scheme and the South Australian Superannuation Lump Sum Scheme was included in the valuation for the first time.

Calculations, including that of the government's liability (i.e. deficit) to the plans, are made on the basis that employment terms continue through as a 'going concern' — accrued benefits only.

Accrued benefits are measured as the present value of estimated future payments to employees arising from membership of the plan up to the reporting date.

As at 30 June 2024, the estimated present value of defined benefit obligations to employees was calculated using a discount rate of 4.5 per cent (4.2 per cent at 30 June 2023), equal to the market yield on the Commonwealth Government's long term bond rate at 30 June 2024.

The higher discount rate applied as at 30 June 2024 (4.5 per cent) compared with 30 June 2023 (4.2 per cent) resulted in a decrease (\$427 million) in the estimated present value of defined benefit obligations. The excess of accrued benefits over the fair value of a defined benefit plans' assets has been recognised as a liability in the statement of financial position.

Any liability in respect of defined contribution plans has been measured as the amount of the government's contribution that, under the terms of the plan, has accrued or is payable to the plan at reporting date.

Accounting standard AASB 119 *Employee Benefits* requires an entity to make various disclosures about defined benefit plans. As permitted by the standard, the following disclosures regarding the state's defined benefit plans are made on a total of all plans basis.

<b>Reconciliation of the present value of the defined benefit obligation</b>		
	(\$ millions)	
	Whole of Government 2024	General Government 2024
<b>Accrued liability 30 June 2023</b>	<b>15 374</b>	<b>15 374</b>
Current service cost	41	41
Interest cost	615	615
Contributions by plan recipients	13	13
Benefits paid	-1 120	-1 120
Impact of changes in demographic assumptions	8	8
Impact of changes in financial assumptions	- 424	- 424
Difference between actual and expected experience	185	185
First time de-recognition of the SA Metropolitan Fire Service Scheme	- 451	- 451
First time inclusion of the South Australian Lump Sum Scheme	442	442
<b>Accrued liability 30 June 2024</b>	<b>14 684</b>	<b>14 684</b>

Note: Totals may not add due to rounding.

<b>Reconciliation of the fair value of the defined benefit plan assets</b>		
	(\$ millions)	
	Whole of Government 2024	General Government 2024
<b>Assets 30 June 2023</b>	<b>7 856</b>	<b>7 856</b>
Interest income	309	309
Actual return on assets less Interest income	204	204
Employer contributions	589	589
Contributions by plan participants	13	13
Benefits and expenses paid	-1 120	-1 120
First time de-recognition of the SA Metropolitan Fire Service Scheme	- 504	- 504
First time inclusion of the South Australian Lump Sum Scheme	442	442
<b>Assets 30 June 2024</b>	<b>7 790</b>	<b>7 790</b>

Note: Totals may not add due to rounding.

There are no reimbursement rights recognised as assets.

### Major economic assumptions

The government has applied the following major assumptions in assessing the defined benefit superannuation liabilities as at balance date.

	2024	2023
	% per annum	% per annum
Discount rate (gross of tax)	4.5	4.2
Expected long-term return on plan assets	7.0	7.0
Rate of salary increases	4.0	4.0
Long term CPI increases	2.5	2.5

### Sensitivity analysis

The key risks associated with the State's defined benefit superannuation plans are:

- Investment risk – the risk that investment returns will be lower than assumed and that State contributions will need to increase to offset the shortfall;

- Wages growth risk – the risk that wages or salaries (on which future benefits are based) will rise more rapidly than assumed, thereby increasing defined benefits and requiring additional employer contributions;
- Pension growth risk – the risk that CPI and therefore pension increase will be higher than assumed, thereby increasing defined benefit pension payments and requiring additional employer contributions; and
- Longevity risk – the risk that pensioners will live longer than expected, thereby increasing defined benefit pension payments and requiring additional employer contributions.

To illustrate the impact that these assumptions can have on the State's superannuation liability, the defined benefit obligation has been remeasured under the scenarios below. The assumptions below have been adjusted while maintaining all other assumptions.

These scenarios are expected to have the following impact on the State's defined benefit obligation:

2023-24	Base case	Discount rate plus 0.5 per cent	Salary growth plus 0.5 per cent	Inflation rate plus 0.5 per cent
Discount rate (%)	4.5	5.0	4.5	4.5
Salary growth (%)	4.0	4.0	4.5	4.0
Inflation rate (%)	2.5	2.5	2.5	3.0
<b>Change in defined benefit obligation %</b>		<b>-4.5</b>	<b>0.2</b>	<b>4.8</b>
<b>Present value in defined benefit obligation (\$ million)</b>	<b>14 684</b>	<b>14 019</b>	<b>14 716</b>	<b>15 385</b>

2023-24	Base case	Discount rate less 0.5 per cent	Salary growth less 0.5 per cent	Inflation rate less 0.5 per cent
Discount rate (%)	4.5	4.0	4.5	4.5
Salary growth (%)	4.0	4.0	3.5	4.0
Inflation rate (%)	2.5	2.5	2.5	2.0
<b>Change in defined benefit obligation %</b>		<b>4.9</b>	<b>-0.2</b>	<b>-4.4</b>
<b>Present value in defined benefit obligation (\$ million)</b>	<b>14 684</b>	<b>15 409</b>	<b>14 653</b>	<b>14 033</b>

#### Rate of return on plan assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets in each class and allowing for the correlations of the investment return between asset classes.

The returns used for each asset class are net of investment fees. The actual return on plan assets was \$474 million in 2023-24.

## Fund assets

The table below shows for each major category of plan assets, the percentage that each major category constitutes of the fair value of the total plan assets.

Asset class	Percentage invested			
	2024		2023	
	Active market	Non-active market	Active market	Non-active market
Australian equities	21.1	—	20.4	—
International equities	27.3	—	29.8	—
Property	0.3	14.2	0.8	16.3
Private markets	0.2	14.0	0.2	13.5
Core infrastructure	—	5.1	—	4.9
Defensive alternatives	2.1	—	2.0	—
Credit taxable	6.1	—	6.2	—
Growth alternatives	5.7	—	5.7	—
Cash	3.9	—	0.3	—
<b>Total</b>	<b>66.7</b>	<b>33.3</b>	<b>65.4</b>	<b>34.6</b>

Note: Totals may not add due to rounding.

## Expected employer contributions

The estimated employer contributions expected to be paid to the defined benefit plans during the financial year beginning 1 July 2024 are \$607 million. These expected contributions represent a combination of past service employer contributions and an estimate of new service employer contributions.

## Cumulative actuarial gains and losses

(\$ millions)

	2024	2023	2022	2021	2020
Cumulative (loss)/gain at 1 July	-3 492	-2 906	-5 195	-7 764	-8 906
Recognised during the year	415	- 586	2 289	2 569	1 142
<b>Cumulative (loss)/gain at 30 June</b>	<b>-3 077</b>	<b>-3 492</b>	<b>-2 906</b>	<b>-5 195</b>	<b>-7 764</b>

Note : Totals may not add due to rounding.

## Historical information

(\$ millions)

	2024	2023	2022	2021	2020
Present value of defined benefit obligation	14 684	15 374	14 879	18 047	19 638
Fair value of plan assets	7 790	7 856	7 814	8 459	7 163
<b>Deficit in plan</b>	<b>6 893</b>	<b>7 518</b>	<b>7 065</b>	<b>9 588</b>	<b>12 474</b>

Note: Totals may not add due to rounding.

An unfunded superannuation liability is recognised in respect of the defined benefit schemes, in accordance with AASB 119 *Employee Benefits*. It is measured as the difference between the estimated present value of members' accrued benefits at balance date and the estimated net market value of the superannuation schemes' assets at that date.

The present value of accrued benefits is based on expected future payments that arise from membership of the fund to the reporting date. The accrued benefits amount is calculated having regard to expected future wage and salary levels, experience of employee departures and their periods of service.

Actuarial gains and losses resulting from changes in measurement assumptions (e.g. discount rate and abnormal earning rates) are immediately recognised as part of 'other economic flows — included in net result'. The other components of the expenses are recognised in 'expenses from transactions'.

**Superannuation interest cost**

The carrying cost of unfunded superannuation liabilities is recognised as an interest cost. This cost is estimated based on the discount rate used to value the gross superannuation liability, less the expected return on plan assets.

**Other superannuation expenses**

The superannuation cost expense of the defined benefit plans relates to current service cost which is the cost of employer financed benefits that are expected to accrue for defined benefit members during the reporting period. The superannuation expense of the defined contribution plans is recognised as and when it falls due.

## 7.7 Superannuation fund deposits

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Liability of Funds SA to all superannuation plans	41 710	39 550	—	—
<b>Total superannuation fund deposits</b>	<b>41 710</b>	<b>39 550</b>	<b>—</b>	<b>—</b>

Note: Totals may not add due to rounding.

Superannuation fund deposits represents the State Government's liability in relation to investment funds held under management with Funds SA.

Investment assets under management backing this liability are presented under Note 5.5 *Investments and placements* and Note 5.6 *Other equity investments*.

All investments under management are valued at fair value.

## 7.8 Provisions (other than employee benefits)

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Workers compensation				
Return to Work SA (RTWSA) provisions	4 391	4 256	—	—
Other agencies workers compensation provisions	761	750	753	744
<b>Total workers compensation provisions</b>	<b>5 152</b>	<b>5 006</b>	<b>753</b>	<b>744</b>
Insurance claims				
Motor Accident Commission (MAC) motor vehicle compensation insurance claim provisions	143	209	—	—
South Australian Government Financing Authority (SAFA) insurance provisions	948	764	—	—
Other agencies insurance claims	194	139	191	136
<b>Total insurance claims</b>	<b>1 285</b>	<b>1 111</b>	<b>191</b>	<b>136</b>
Other provisions	1 861	1 754	66	37
<b>Total provisions (other than employee benefits)</b>	<b>8 298</b>	<b>7 871</b>	<b>1 009</b>	<b>916</b>
Current	1 925	1 700	177	161
Non current	6 373	6 172	832	755
<b>Total provisions (other than employee benefits)</b>	<b>8 298</b>	<b>7 871</b>	<b>1 009</b>	<b>916</b>

Note: Totals may not add due to rounding.

Provisions are recognised when the state has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to the provision is presented in the statement of comprehensive income net of any reimbursement.

Insurance contracts are contracts under which an entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified future event (the insured event) adversely affects the policyholder or other beneficiary. The Government's liabilities for outstanding claims are similar in nature to general insurance contracts and accordingly are treated as general insurance contracts for the purpose of AASB 1023 *General Insurance Contracts*.

The liability for outstanding claims is measured as the central estimate of the present value of expected future payments against claims incurred at the reporting date, with an additional risk margin to allow for the inherent uncertainty in the central estimate. The risk margin increases the probability that the net liability is adequately provided to a probability of sufficiency.

The expected future payments include those in relation to claims reported but not yet paid, claims incurred but not yet reported, claims incurred but under reported and anticipated claims handling expenses including run-off provisions. The expected future payments are discounted to present value using an appropriate risk-free rate.

The claims expense or income in the Statement of Comprehensive Income comprise claims paid and the change in the liability for outstanding claims both reported and unreported, including the risk margin and claims handling expenses.

The assets backing insurance liabilities (outstanding claims) are those assets required to cover the insurance liabilities in Return to Work Corporation of South Australia (RTWSA), Motor Accident Commission (MAC) and South Australian Government Financing Authority (SAFA).

#### Movements in provisions for whole of government during the 2023–24 year

	(\$ millions)				
	RTWSA provisions	MAC provisions	SAFA provisions	Other provisions	Total
Carrying amount – opening balance	4 256	209	764	2 644	<b>7 871</b>
Additional /(reduction in) provisions recognised	714	- 29	292	332	<b>1 310</b>
Payments	- 579	- 37	- 107	- 223	<b>- 947</b>
Other movements	—	—	—	63	<b>63</b>
<b>Carrying amount – closing balance</b>	<b>4 391</b>	<b>143</b>	<b>948</b>	<b>2 816</b>	<b>8 298</b>

Note: Totals may not add due to rounding.

#### General Insurance contracts

Consistent with the requirements of AASB 1023 *General Insurance Contracts*, the information below provides further detail on general insurance contracts managed by RTWSA, MAC and SAFA only.

Total outstanding insurance claims (\$ millions)				
2024	RTWSA	MAC	SAFA	Total
Expected future claims payments (undiscounted)	7 820	140	917	<b>8 877</b>
Discount to present value	-3 992	- 25	- 173	<b>-4 190</b>
<b>Central estimate</b>	<b>3 828</b>	<b>115</b>	<b>744</b>	<b>4 687</b>
Risk/other margin applied	563	27	204	<b>794</b>
<b>Liability for outstanding claims</b>	<b>4 391</b>	<b>143</b>	<b>948</b>	<b>5 482</b>
Risk margin %	10.5-45	24	18-35	
Probability of adequacy %	75	80	75	

(\$ millions)				
2023	RTWSA	MAC	SAFA	Total
Expected future claims payments (undiscounted)	7 164	210	736	<b>8 110</b>
Discount to present value	-3 518	- 35	- 137	<b>-3 690</b>
<b>Central estimate</b>	<b>3 646</b>	<b>174</b>	<b>599</b>	<b>4 419</b>
Risk/other margin applied	610	34	164	<b>809</b>
<b>Liability for outstanding claims</b>	<b>4 256</b>	<b>209</b>	<b>764</b>	<b>5 228</b>
Risk margin %	10.5-45	20	18-35	
Probability of adequacy %	75	80	75	

Note: Totals may not add due to rounding.

RTWSA, MAC and SAFA have different methods for determining the risk margin, including ways in which diversification of risk has been allowed for.

The assets backing insurance liabilities are those assets required to cover the insurance liabilities. For SAFA these assets are those generated through premium revenue while for MAC all assets of an investment nature held by the MAC Fund are considered to be the for the purpose of backing insurance liabilities. RTWSA considers that substantially all of its assets, excluding property, plant and equipment, and intangible assets exist to back these insurance liabilities.

The key assumption indicators used in developing the valuation of the outstanding insurance claims across all government insurers are:

- inflation rate (normal and superimposed)
- discount rate
- duration and severity of claims
- claims handling expenses
- percentage risk margin.

The quantitative assumptions used by various insurers varies depending on the type of insurance contracts that are entered into. More information on these assumptions and any sensitivity analysis on these assumptions can be obtained in the respective agencies financial reports.

The Government of South Australia uses a range of policies to manage the risks associated with its insurance activities. The most relevant methods include:

- pricing
- reinsurance
- claims management
- investment management
- risk reduction.

Further information of the sensitivity to insurance risk, concentration of insurance risk and claims development information is provided in greater volume within the financial reports of RTWSA, MAC and SAFA.

The following tables provides further information in relation to the net underwriting result and the net claims incurred cost. Current year claims relate to risks borne in the current reporting period. Prior period claims relate to a reassessment of the risks borne in all previous reporting periods.

<b>Net underwriting result</b>				(\$ millions)
<b>2024</b>	<b>RTWSA</b>	<b>MAC</b>	<b>SAFA</b>	<b>Total</b>
Premium revenue	814	—	89	903
Outwards reinsurance expense	—	—	- 23	- 23
<b>Net premium</b>	<b>814</b>	<b>—</b>	<b>66</b>	<b>880</b>
Claims expense	- 735	—	- 223	- 958
Reinsurance and other recoveries income	20	—	23	43
<b>Net claims</b>	<b>- 715</b>	<b>—</b>	<b>- 201</b>	<b>- 916</b>
Other underwriting expenses	- 96	—	—	- 96
<b>Other</b>	<b>- 96</b>	<b>—</b>	<b>—</b>	<b>- 96</b>
<b>Net underwriting result</b>	<b>3</b>	<b>—</b>	<b>- 135</b>	<b>- 131</b>

<b>Net underwriting result</b>				(\$ millions)
<b>2023</b>	<b>RTWSA</b>	<b>MAC</b>	<b>SAFA</b>	<b>Total</b>
Premium revenue	703	—	85	788
Outwards reinsurance expense	—	—	- 19	- 19
<b>Net premium</b>	<b>703</b>	<b>—</b>	<b>66</b>	<b>770</b>
Claims expense	- 762	—	- 181	- 943
Reinsurance and other recoveries income	17	—	4	21
<b>Net claims</b>	<b>- 745</b>	<b>—</b>	<b>- 177</b>	<b>- 922</b>
Other underwriting expenses	- 89	—	—	- 89
<b>Other</b>	<b>- 89</b>	<b>—</b>	<b>—</b>	<b>- 89</b>
<b>Net underwriting result</b>	<b>- 131</b>	<b>—</b>	<b>- 110</b>	<b>- 242</b>

Note: Totals may not add due to rounding.

<b>Net claims incurred</b>									(\$ millions)
<b>2024</b>	<b>RTWSA Current year</b>	<b>RTWSA Prior years</b>	<b>MAC Current year</b>	<b>MAC Prior years</b>	<b>SAFA Current year</b>	<b>SAFA Prior years</b>	<b>Total Current year</b>	<b>Total Prior years</b>	
Gross claims incurred and related expenses — undiscounted	1 558	- 258	—	- 44	125	202	1 683	- 100	
Reinsurance and other recoveries — undiscounted	- 21	- 1	—	38	—	- 25	- 21	11	
<b>Net claims incurred - undiscounted</b>	<b>1 537</b>	<b>- 259</b>	<b>—</b>	<b>- 6</b>	<b>124</b>	<b>177</b>	<b>1 661</b>	<b>- 88</b>	
Discount and discount movement — gross claims incurred	- 639	166	—	12	- 30	- 6	- 668	172	
Discount and discount movement — reinsurance and other recoveries	3	- 3	—	- 11	—	4	3	- 10	
<b>Net discount movement</b>	<b>- 635</b>	<b>163</b>	<b>—</b>	<b>1</b>	<b>- 30</b>	<b>- 2</b>	<b>- 665</b>	<b>162</b>	
<b>Net claims incurred</b>	<b>902</b>	<b>- 96</b>	<b>—</b>	<b>- 5</b>	<b>95</b>	<b>175</b>	<b>996</b>	<b>73</b>	

<b>Net claims incurred</b>									(\$ millions)
<b>2023</b>	<b>RTWSA Current year</b>	<b>RTWSA Prior years</b>	<b>MAC Current year</b>	<b>MAC Prior years</b>	<b>SAFA Current year</b>	<b>SAFA Prior years</b>	<b>Total Current year</b>	<b>Total Prior years</b>	
Gross claims incurred and related expenses - undiscounted	1 361	136	—	- 28	221	76	1 582	183	
Reinsurance and other recoveries — undiscounted	- 19	5	—	21	- 1	- 3	- 20	24	
<b>Net claims incurred - undiscounted</b>	<b>1 342</b>	<b>141</b>	<b>—</b>	<b>- 7</b>	<b>220</b>	<b>73</b>	<b>1 562</b>	<b>207</b>	
Discount and discount movement — gross claims incurred	- 535	- 133	—	7	- 32	- 7	- 567	- 133	
Discount and discount movement — reinsurance and other recoveries	3	- 1	—	- 6	—	—	3	- 7	
<b>Net discount movement</b>	<b>- 532</b>	<b>- 134</b>	<b>—</b>	<b>1</b>	<b>- 32</b>	<b>- 6</b>	<b>- 564</b>	<b>- 140</b>	
<b>Net claims incurred</b>	<b>810</b>	<b>7</b>	<b>—</b>	<b>- 7</b>	<b>189</b>	<b>66</b>	<b>998</b>	<b>67</b>	

Note: Totals may not add due to rounding.

## 7.9 Other liabilities

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Unearned revenue	1 697	1 690	1 783	1 774
Other liabilities	816	860	812	841
<b>Total other liabilities</b>	<b>2 514</b>	<b>2 549</b>	<b>2 595</b>	<b>2 615</b>
Current	698	681	713	690
Non current	1 816	1 868	1 882	1 925
<b>Total other liabilities</b>	<b>2 514</b>	<b>2 549</b>	<b>2 595</b>	<b>2 615</b>

Note: Totals may not add due to rounding.

### Unearned Revenue – Land Services SA

The Government recognises a liability in the whole of government and general government sector reflecting the unearned revenue arising from the consideration received for the commercialisation of the Government's land services operations. The recognition of the unearned revenue is calculated on a straight line basis over the term of the contract, reducing the liability.

As part of the overall proceeds received from the commercialisation of the Governments land services operations, the Government received \$80 million for the exclusive right to negotiate for any other registry managed by the State. On 16 December 2019 the Government decided not to proceed with the proposed further commercialisation of the State registries and opted to extend the term of the land services commercial agreement by seven (7) years.

At 30 June 2024, the unearned revenue balance was \$1.368 billion.

The transaction has been accounted in accordance with the principles outlined in AASB 1059 *Service Concession Arrangements: Grantor*. AASB 1059 was issued by the AASB in July 2017, and is a mandatory requirement from the 2020-21 financial reporting year. Its requirements are consistent with industry practice for revenue arising from this type of transaction.

On transition to AASB 1059 in 2020-21 financial year, the value of the land titles registry is now recognised as a service concession asset. Service concession data assets are measured at current replacement cost based on AASB 13 *Fair value measurement* in accordance with AASB 1059. Refer to Note 6.6 *Intangible assets* for further information.

### Unearned Revenue – Commonwealth grants under AASB 1058

The Government recognises unearned revenue resulting from the adoption of AASB 1058 *Income of Not-for-Profit Entities*, where funding was received from the Commonwealth for capital projects mainly for the Department for Infrastructure and Transport and the Department for Health and Wellbeing.

At 30 June 2024, the unearned revenue balance was \$108.9 million.

## 8. Cash flow

### 8.1 Reconciliation of cash

For the purpose of the cash flow statement, the government considers cash to include cash on hand and in banks, term deposits and investments in money market instruments.

A reconciliation of cash and deposits at the end of the reporting period is shown below:

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
Cash and deposits disclosed in the statement of financial position (refer to note 5.1)	3 491	2 718	11 152	10 987
<b>Balances per statement of cash flows</b>	<b>3 491</b>	<b>2 718</b>	<b>11 152</b>	<b>10 987</b>

Note: Totals may not add due to rounding.

### 8.2 Non-cash financing and investing activities

There were no material non-cash financing and investing activities entered into during the reporting period.

### 8.3 Reconciliation of net result to net cash flows from operating activities

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Net result</b>	<b>367</b>	<b>- 770</b>	<b>271</b>	<b>-1 269</b>
<b>Non-cash items in net result</b>				
Depreciation and amortisation	2 083	2 043	1 586	1 516
Assets received/donated free of charge	- 80	- 48	- 23	- 10
Loss on revaluation of property, plant and equipment	50	25	—	—
(Gain)/loss on sale of property, plant and equipment	- 25	- 20	- 2	19
Net loss/(gain) on sale of investments	82	34	—	—
Net loss/(gain) on revaluation of investments	-3 695	-4 089	- 26	—
Loss on write-off of assets	77	79	28	61
Loss/(gain) on write-down of assets	67	- 83	5	10
Net loss/(gain) on foreign currency exchange differences	—	- 1	—	- 1
Other revaluation (increments)/decrements	3 063	3 393	- 28	3
<b>Non-cash items in net result</b>	<b>1 622</b>	<b>1 333</b>	<b>1 538</b>	<b>1 598</b>
<b>Movements in assets and liabilities</b>				
(Increase)/decrease in inventories	143	29	- 9	—
Increase/(decrease) in unfunded superannuation liabilities	- 625	453	- 625	453
Increase/(decrease) in employee benefits	309	25	300	28
Change in other assets and liabilities	652	1 275	905	1 169
<b>Movements in assets and liabilities</b>	<b>480</b>	<b>1 782</b>	<b>572</b>	<b>1 650</b>
<b>Net cash flows from operating activities</b>	<b>2 469</b>	<b>2 345</b>	<b>2 381</b>	<b>1 979</b>

Note: Totals may not add due to rounding.

## 8.4 Reconciliation of liabilities arising from financing activities

2024 (\$ millions)

Whole of Government	2023	Cashflows	Non-cash charges	2024
Deposits at call	181	8	—	188
Debt Securities	30 537	4 441	- 269	34 708
Lease liability	4 162	- 255	302	4 209
Loan liability	3	1	—	4
PPP liability	219	- 13	8	214
Interest rate/foreign exchange swaps	451	—	- 154	298
Capitalisation of service rights	118	- 2	—	115
<b>Total</b>	<b>35 670</b>	<b>4 179</b>	<b>- 113</b>	<b>39 736</b>

General Government	2023	Cashflows	Non-cash charges	2024
Deposits at call	529	- 187	—	342
Lease liability	4 153	- 272	335	4 216
Loan liability	24 630	1 882	—	26 512
PPP liability	219	- 13	8	214
Capitalisation of service rights	118	- 2	—	115
<b>Total</b>	<b>29 648</b>	<b>1 408</b>	<b>343</b>	<b>31 400</b>

2023 (\$ millions)

Whole of Government	2022	Cashflows	Non-cash charges	2023
Deposits at call	411	- 227	- 3	181
Debt Securities	28 869	2 554	- 886	30 537
Lease liability	4 110	- 241	293	4 162
Loan liability	—	3	—	3
PPP liability	224	- 13	8	219
Interest rate/foreign exchange swaps	347	—	104	451
Capitalisation of service rights	119	- 2	—	118
<b>Total</b>	<b>34 081</b>	<b>2 074</b>	<b>- 484</b>	<b>35 670</b>

General Government	2022	Cashflows	Non-cash charges	2023
Deposits at call	541	- 12	—	529
Lease liability	4 099	- 258	311	4 153
Loan liability	23 328	1 302	—	24 630
PPP liability	224	- 13	8	219
Capitalisation of service rights	119	- 2	—	118
<b>Total</b>	<b>28 311</b>	<b>1 017</b>	<b>320</b>	<b>29 648</b>

Note: Totals may not add due to rounding.

## 8.5 Cash flows for leases

Total cash outflow for leases includes all payments made on leases in relation to principal payments, interest payments, short-term lease payments, low value lease payments and any variable lease payments. The aggregate of these payments for the whole of government and general government sector is provided below:

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Total cash outflows for leases</b>	<b>565</b>	<b>519</b>	<b>579</b>	<b>535</b>

Note: Totals may not add due to rounding.

## 9. Risks, commitments and contingencies

### 9.1 Financial instrument disclosures

Financial instruments arise out of contractual agreements from the government's operations or from requirements to finance the government's operations. These contracts give rise to financial assets and financial liabilities.

Certain financial assets and liabilities also arise under statute rather than a contract (for example taxes). These financial assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

The principal financial instruments of the South Australian public sector comprise:

Financial Assets	Financial Liabilities
Cash and cash equivalents	Deposits
Receivables	Payables
Loans and Advances	Lease liabilities
Investments (in equities and managed investment schemes)	Debt securities
Derivatives receivable	Derivatives payable

### Categorisation of financial instruments

#### Categories of financial assets and financial liabilities under AASB 9 *Financial Instruments*

##### Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- the assets are held to collect contractual cash flows, and
- the contractual term gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less impairment.

The Government recognises non-derivative financial assets such as receivables (excluding statutory receivables) and certain loan advances in this category. They have fixed or determinable payments, which are not subsequently valued at fair value either because they are not quoted in an active market or they are intended to be held to maturity. Changes in these assets are accounted for in the statement of comprehensive income when impaired, derecognised or through an amortisation process.

##### Financial assets at fair value through other comprehensive income

Debt instruments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held to achieve the objective both by collecting the contractual cash flows and by selling financial assets, and
- the assets contractual terms give rise to cash flows that are solely payments of principal and interest.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and have been irrevocably elected at initial recognition to be recognised in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of any of the debt instruments, any related balance in the investment reserve is reclassified through net result. However, upon disposal of the equity instruments, any related balance in investment reserve is reclassified to retained earnings.

#### **Financial assets at fair value through net result**

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through comprehensive income as explained above.

As an exception to the rules above, financial assets at initial recognition may be irrevocably designated as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases.

The type of assets held by the Government in this category include money market deposits, discount securities, Commonwealth and state securities, floating rate notes, medium term notes, fixed interest deposits, letters of credit and investments managed by the South Australian Government Financing Authority (SAFA).

#### **Financial liabilities at amortised cost**

These liabilities are initially recognised on the date they are originated and are initially measured at fair value minus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost with any difference between initial recognised amount and the redemption value being recognised through net result over the period of the interest bearing liability, using the effective interest rate method.

The Government recognises financial liabilities such as payables (excluding statutory payables) and borrowings (including lease liabilities) in this category.

#### **Financial liabilities at fair value through net result**

These liabilities are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. They are measured at fair value initially. Subsequently, any changes in fair value are recognised in the net result as other economic flows.

The type of liabilities held by the Government in this category include Treasury notes, Australian bonds, credit foncier loans, commercial paper, overseas bonds and medium term notes principally raised by SAFA.

**Derivative financial instruments** are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which the derivative contract is entered into. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains and losses arising from changes in the fair value of derivatives after initial recognition are recognised in the comprehensive income statement as an 'other economic flow' included in net result.

Derivative financial instruments are employed, primarily by the public financial corporation's sector agencies, in fund raising, debt management and to provide efficient entry to or exit from markets or as a cost efficient substitute for the actual acquisition of securities. They are used to convert funding costs (e.g. from fixed to floating interest costs or floating to fixed), facilitate diversification of funding sources, to configure interest rate risk profiles and to manage foreign currency exposures.

Currency swaps are recorded in the statement of financial position on a gross basis and translated at the exchange rate applying at balance date.

Interest rate swaps are accounted for on a market value basis with interest receipts and interest payments accrued on a gross basis in the statement of financial position.

Financial futures and exchange traded interest rate option contracts are marked-to-market daily and the resultant change in value is recognised directly in net result. Forward rate agreements gains or losses are recognised directly in net result.

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rate of exchange ruling on that date.

The carrying amounts of each of the above categories of financial assets and financial liabilities are:

(\$ millions)

Whole of Government 2024	Carrying amount	Cash and cash equivalents	FV through profit/loss (FVTPL)	FV through Other comprehensive Income (OCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)
<b>Financial assets</b>						
Cash and cash equivalents	3 361	3 361	—	—	—	—
Receivables	1 411	—	—	—	1 411	—
Loans and advances	3 725	—	922	—	2 803	—
Investments	55 641	—	55 406	94	141	—
Derivatives receivable	125	—	125	—	—	—
<b>Total financial assets</b>	<b>64 263</b>	<b>3 361</b>	<b>56 453</b>	<b>94</b>	<b>4 355</b>	
<b>Financial liabilities</b>						
Deposits	41 899	—	41 899	—	—	—
Payables	1 663	—	—	—	—	1 663
<b>Borrowings</b>						
Loan liabilities	4	—	—	—	—	4
Lease liabilities	4 209	—	—	—	—	4 209
Debt securities	34 708	—	34 708	—	—	—
PPP Liability	214	—	—	—	—	214
Derivatives payable	298	—	298	—	—	—
<b>Total financial liabilities</b>	<b>82 994</b>	<b>—</b>	<b>76 905</b>	<b>—</b>	<b>—</b>	<b>6 089</b>

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2023	Carrying amount	Cash and cash equivalents	FV through profit/loss (FVTPL)	FV through Other comprehensive Income (OCI)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)
<b>Financial assets</b>						
Cash and cash equivalents	2 612	2 612	—	—	—	—
Receivables	1 283	—	—	—	1 283	—
Loans and advances	2 713	—	496	—	2 216	—
Investments	53 068	—	52 821	91	156	—
Derivatives receivable	143	—	143	—	—	—
<b>Total financial assets</b>	<b>59 819</b>	<b>2 612</b>	<b>53 460</b>	<b>91</b>	<b>3 656</b>	<b>—</b>
<b>Financial liabilities</b>						
Deposits	39 730	—	39 730	—	—	—
Payables	1 522	—	—	—	—	1 522
<b>Borrowings</b>						
Loan liabilities	3	—	—	—	—	3
Lease liabilities	4 162	—	—	—	—	4 162
Debt securities	30 537	—	30 537	—	—	—
PPP Liability	219	—	—	—	—	219
Derivatives payable	451	—	451	—	—	—
<b>Total financial liabilities</b>	<b>76 624</b>	<b>—</b>	<b>70 718</b>	<b>—</b>	<b>—</b>	<b>5 906</b>

Note: Totals may not add due to rounding.

## Financial risk management

As part of its normal operations, the state is exposed to a number of financial risks including credit risk, liquidity risk and market risk (i.e. interest rate risk, foreign currency risk and equity price risk) through transactions involving its financial instruments.

The government's overall risk management objectives, policies and strategies focus on minimising financial risk exposures and seek to mitigate potential adverse effects.

SAFA is the government's central borrowing and investing authority. SAFA holds a level of investments for liquidity management purposes, and as the government's central investing authority it administers the management of the majority of the government's investments, along with acting as the government's central borrowing authority.

Risk management strategies to the government's financial assets are summarised below. Additional risk management information can be found in individual agencies' general purpose financial reports.

### Credit risk

Credit Risk is the risk of financial loss and associated costs resulting from the failure of a counterparty to meet its financial obligations as and when they fall due. The government's largest holder of derivatives and investments is SAFA. SAFA incurs credit risk through undertaking its core functions of fundraising, debt management, liquidity management and the government's reinsurance program.

To minimise the potential for credit loss, SAFA ensures transactions and risks are diversified between counterparties and limited to dealing with highly rated banking and governmental institutions worldwide.

SAFA measures risk for physical securities at face value and the credit risk of derivative transactions using a mark-to-market methodology that includes an additional factor to cover potential future adverse market movements.

The concentration of credit risk by credit rating is detailed below:

Whole of Government 2024	Rating						Other Not rated <sup>(a)</sup>
	AAA	AA+	AA-	A+	A		
<b>Asset class</b>							
Loans/investments	1 431	962	4 712	1 400	869	3 532	1 783
Interest rate swaps	—	—	206	—	—	—	6
<b>Total</b>	<b>1 431</b>	<b>962</b>	<b>4 918</b>	<b>1 400</b>	<b>869</b>	<b>3 532</b>	<b>1 789</b>

Note: Totals may not add due to rounding.

Whole of Government 2023	Rating					Other Not rated <sup>(a)</sup>	
	AAA	AA+	AA	AA-	A+		
<b>Asset class</b>							
Loans/investments	1 648	1 658	734	2 623	1 845	3 565	959
Interest rate swaps	—	—	—	205	—	—	6
<b>Total</b>	<b>1 648</b>	<b>1 658</b>	<b>734</b>	<b>2 829</b>	<b>1 845</b>	<b>3 565</b>	<b>965</b>

Note: Totals may not add due to rounding.

(a) 'Not rated' refers to amounts not classified under particular ratings.

#### *Impairment of financial assets under AASB 9 Financial Instruments*

The government records the allowance for expected loss for the relevant financial instruments using the expected credit loss approach.

The AASB 9 impairment assessment is made on the government's contractual receivables, statutory receivables and investments in debt instruments.

Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are subject to the impairment requirements of AASB 9, these assets are considered to have low credit risk.

#### *Impairment of contractual receivables*

The government applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Contractual receivables are grouped on shared credit risk characteristics and days past due and determines the credit loss rate on past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

The government's impairment loss allowance is provided as follows:

#### **Credit loss allowance measured at lifetime expected credit losses (simplified approach)**

On 30 June 2024	Current	1-30 days	31-60 days	61-90 days	More than	Total
	(not past due)	past due	past due	past due	90 days past due	
Expected credit loss rate (%)	1.1	13.0	14.0	18.1	20.8	7.5
Gross carrying amount of receivables	993	45	45	33	409	1 525
<b>Credit loss allowance</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>85</b>	<b>114</b>

Note: Totals may not add due to rounding.

(\$ millions)

On 30 June 2023	Current (not past due)	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Expected credit loss rate (%)	2.4	10.8	11.2	23.4	15.6	7.6
Gross carrying amount of receivables	816	52	38	19	466	1 389
<b>Credit loss allowance</b>	<b>19</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>73</b>	<b>106</b>

Note: Totals may not add due to rounding.

A reconciliation of the impairment loss allowance for contractual receivables is provided in Note 5.2 *Receivables*.

An impairment loss is classified as an other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line.

#### *Offsetting financial assets and financial liabilities*

A master netting arrangement or similar arrangement can be set up with counterparties where required by general market practice. To the extent that these arrangements meet the criteria for offsetting in the statement of financial position, they are reported on a net basis. Financial instrument assets and liabilities are offset, with the net amount reported in the statement of financial position only where there is a enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

The Government, through SAFA enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. Derivative asset and liability positions are accounted for at the transaction level, and are not offset at the counterparty level in the statement of financial position. The Government does not currently have a legally enforceable right to offset these positions in the usual course of business. The right to offset is enforceable only on the occurrence of future credit events, such as a default. The Government does not intend to settle these transactions on a net basis.

The following tables provide information on the impact of offsetting on the statement of financial position, as well as the financial impact of netting for instruments subject to an enforceable netting arrangement. The net amount column shows the impact on the Government's statement of financial position if all existing rights of offset were exercised.

(\$ millions)

Whole of Government 2024	Gross amounts offset in Statement of Financial Position	Gross amounts offset in Statement of Financial Position	Net amounts presented in Statement of Financial Position	Related amounts not offset	Net amount
<b>Financial assets</b>					
Derivatives receivable	257	- 132	125	- 126	- 1
<b>Total financial assets</b>	<b>257</b>	<b>- 132</b>	<b>125</b>	<b>- 126</b>	<b>- 1</b>
<b>Financial liabilities</b>					
Derivatives payable	429	- 132	298	- 300	- 2
<b>Total financial liabilities</b>	<b>429</b>	<b>- 132</b>	<b>298</b>	<b>- 300</b>	<b>- 2</b>

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2023	Gross amounts offset in Statement of		Net amounts presented in	Related amounts not offset	Net amount
	Gross amounts	Financial Position	Financial Position		
<b>Financial assets</b>					
Derivatives receivable	291	- 149	143	- 137	6
<b>Total financial assets</b>	<b>291</b>	<b>- 149</b>	<b>143</b>	<b>- 137</b>	<b>6</b>
<b>Financial liabilities</b>					
Derivatives payable	600	- 149	451	- 440	11
<b>Total financial liabilities</b>	<b>600</b>	<b>- 149</b>	<b>451</b>	<b>- 440</b>	<b>11</b>

Note: Totals may not add due to rounding.

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments as they fall due. In order to manage liquidity risk, agencies such as SAFA have in place liquidity management guidelines, which require them to hold base levels of liquidity comprising highly marketable financial assets.

Liquid assets include cash, promissory notes, Commonwealth bonds, floating rate notes and negotiable discount securities. Adherence to guidelines enables the government to be in a position to meet the forecast cash demands and any unanticipated funding requirements of the South Australian public sector.

SAFA has chosen an approach to minimise the medium-term refinancing risks, which involves diversification of physical borrowings across the maturity spectrum, diversification of funding sources and the holding of liquid assets to assist in the management of refinancing and liquidity risk.

These strategies result in SAFA facing manageable funding demands from financial markets in any given period. This approach assists the maintenance of an orderly market place for SAFA's securities when refinancing maturing debt obligations. The below table summarises the maturity profile of the government's financial assets and liabilities:

(\$ millions)

Whole of Government 2024	1 year or less	1 to 5 years	Over 5 years	Nominal amount	Carrying amount
<b>Financial assets</b>					
Cash and cash equivalents	3 361	—	—	3 361	3 361
Receivables	965	351	95	1 411	1 411
Loans and advances	445	346	2 933	3 725	3 725
Investments	5 191	7 297	43 154	55 641	55 641
Derivatives receivable	45	45	35	125	125
<b>Total financial assets</b>	<b>10 006</b>	<b>8 038</b>	<b>46 218</b>	<b>64 263</b>	<b>64 263</b>
<b>Financial liabilities</b>					
Deposits held	899	—	41 000	41 899	41 899
Payables	1 566	96	—	1 663	1 663
<b>Borrowings</b>					
Loan liabilities	—	4	—	4	4
Lease liabilities	545	1 902	5 241	7 688	4 209
Debt securities	8 299	16 802	18 959	44 060	34 708
PPP liability	5	22	187	214	214
Derivatives payable	40	66	192	298	298
<b>Total financial liabilities</b>	<b>11 355</b>	<b>18 892</b>	<b>65 578</b>	<b>95 825</b>	<b>82 994</b>

Note: Totals may not add due to rounding.

(\$ millions)

Whole of Government 2023	1 year or less	1 to 5 years	Over 5 years	Nominal amount	Carrying amount
<b>Financial assets</b>					
Cash and cash equivalents	2 612	—	—	2 612	<b>2 612</b>
Receivables	970	259	55	1 283	<b>1 283</b>
Loans and advances	606	542	1 564	2 713	<b>2 713</b>
Investments	3 469	9 016	40 583	53 068	<b>53 068</b>
Derivatives receivable	4	- 4	142	143	<b>143</b>
<b>Total financial assets</b>	<b>7 661</b>	<b>9 813</b>	<b>42 345</b>	<b>59 819</b>	<b>59 819</b>
<b>Financial liabilities</b>					
Deposits held	181	—	39 550	39 730	<b>39 730</b>
Payables	1 451	72	—	1 522	<b>1 522</b>
<b>Borrowings</b>					
Loan liabilities	—	3	—	3	<b>3</b>
Lease liabilities	196	2 169	5 500	7 865	<b>4 162</b>
Debt securities	5 338	17 598	15 669	38 604	<b>30 537</b>
PPP liability	5	21	193	219	<b>219</b>
Derivatives payable	10	99	343	451	<b>451</b>
<b>Total financial liabilities</b>	<b>7 179</b>	<b>19 962</b>	<b>61 254</b>	<b>88 395</b>	<b>76 624</b>

Note: Totals may not add due to rounding.

## Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The government's exposure to market risk is primarily through interest rate risk, price risk and foreign currency risk.

### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The government is exposed to interest rate risk primarily through financial assets and liabilities, modified through derivative financial instruments such as interest rate futures contracts, interest rate swaps, interest rate options and forward rate agreements.

Limits on measures of interest rate risk for SAFA's portfolios are approved by the Under Treasurer and Treasurer, while limits on interest rate risk for portfolios managed on behalf of clients are set in consultation with the clients. Interest rate risk is managed by portfolios rather than from a total operations perspective. The current policy benchmark duration for the Treasurer's Cost of Funds portfolio is between 4-8 years.

Funds SA accepts deposits from the various superannuation schemes to invest on behalf of these schemes. Funds SA aims to earn the highest possible return on its investments for an appropriate level of risk.

The government has an indirect interest rate exposure in respect of its superannuation schemes (refer to Note 7.6 *Unfunded superannuation liabilities*). The risk is primarily due to possible adverse movements in the assets and liabilities of the superannuation schemes as a result of fluctuations in financial markets.

*Price risk*

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market pricing (other than arising from interest rate risk or currency risk). SAFA manages the sensitivity of its treasury portfolios for changes in market risk variables by calculating Value at Risk (VaR) daily and monitoring the calculated VaR against pre-determined exposure limits. VaR is the calculation of the potential loss due to rate movements for any one day.

*Foreign currency risk*

Foreign currency risk arises when the value of financial assets and liabilities fluctuate due to changes in foreign exchange rates. It is government policy that where possible, exposures should be hedged with the exception of certain financial corporations. At 30 June 2024, Funds SA has a target percentage of foreign exchange exposure. These targets range from 0% - 26% depending on the investment option and this exposure is managed via the use of foreign exchange overlay instruments. This has the capacity to reduce overall portfolio volatility associated with movements in the value of foreign currencies in the absence of these instruments. The net unhedged market value of Funds SA's total portfolio as at 30 June 2024 was \$8.3 billion (\$8.6 billion).

SAFA has a policy of limiting its foreign currency risk, and has limits in place to protect against movements in foreign currency exchange rates. SAFA utilises foreign exchange swaps, foreign exchange and forward exchange contracts to manage the foreign currency exposures associated with foreign currency borrowings.

SAFA's total exposure to exchange rate risk (on a net basis) for the year ended 30 June 2024 is \$24,475 (negative \$35,693). No other material exposures existed in other public entities as at 30 June 2024.

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

*Sensitivity analysis*

Taking into account future expectations, economic forecasts and government's knowledge and experience of financial markets, it is believed that a reasonably possible increase or decrease in:

- exchange rates against the Australian dollar would be 10 per cent
- interest rates to which the government is exposed would be 1 per cent
- market prices (other than those arising from interest rate risk or currency risk) would be 1 percent.

A summary sensitivity analysis of the market risks to which the government is exposed to based on the above assumption changes is provided in the below tables:

A summary sensitivity analysis of the material risks to which the state is exposed in 2023-24 is provided below.

Whole of Government 2024	Carrying amount	Foreign exchange risk				Interest rate risk				Price risk						
		+10%		-10%		+1%		-1%		+1%		-1%				
		profit	equity	profit	equity	profit	equity	profit	equity	profit	equity	profit	equity			
<b>Financial assets</b>																
Cash and cash equivalents	3 361	—	—	—	—	28	28	- 28	- 28	—	—	—	—	—	—	—
Receivables	1 411	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Loans and advances	3 725	—	—	—	—	1	1	- 1	- 1	1	1	- 1	- 1	—	—	—
Investments	55 641	890	764	- 764	- 890	140	140	- 140	- 140	66	65	- 66	- 66	—	—	—
Derivatives receivable	125	—	—	—	—	1	1	- 1	- 1	1	1	- 1	- 1	—	—	—
<b>Total financial assets</b>	<b>64 263</b>	<b>890</b>	<b>764</b>	<b>- 764</b>	<b>- 890</b>	<b>171</b>	<b>171</b>	<b>- 171</b>	<b>- 171</b>	<b>68</b>	<b>67</b>	<b>- 68</b>	<b>- 68</b>			
<b>Financial liabilities</b>																
Deposits	41 899	827	827	- 827	- 827	—	—	—	—	—	—	—	—	—	—	—
Payables	1 663	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Borrowings</b>																
Loan liabilities	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lease liabilities	4 209	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt securities	34 708	—	—	—	—	347	347	- 347	- 347	347	347	- 347	- 347	—	—	—
PPP liability	214	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Derivatives payable	298	—	—	—	—	3	3	- 3	- 3	3	3	- 3	- 3	—	—	—
<b>Total financial liabilities</b>	<b>82 994</b>	<b>827</b>	<b>827</b>	<b>- 827</b>	<b>- 827</b>	<b>350</b>	<b>350</b>	<b>- 350</b>	<b>- 350</b>	<b>350</b>	<b>350</b>	<b>- 350</b>	<b>- 350</b>			

Note: Totals may not add due to rounding.

Amounts above include at-call and short term as well as liabilities to superannuation plans.

A summary sensitivity analysis of the material risks to which the state is exposed in 2022-23 is provided below.

Whole of Government 2023	Carrying amount	Foreign exchange risk		Interest rate risk		Price risk	
		+10%	-10%	+1%	-1%	+1%	-1%
		profit	equity	profit	equity	profit	equity
<b>Financial assets</b>							
Cash and cash equivalents	2 612	—	—	10	10	—	—
Receivables	1 283	—	—	—	—	—	—
Loans and advances	2 745	—	—	2	2	2	- 2
Investments	53 068	920	- 797	152	- 152	82	- 46
Derivatives receivable	143	—	—	1	- 1	1	- 1
<b>Total financial assets</b>	<b>59 851</b>	<b>920</b>	<b>- 797</b>	<b>166</b>	<b>- 166</b>	<b>85</b>	<b>- 48</b>
<b>Financial liabilities</b>							
Deposits	39 730	859	- 859	—	—	—	—
Payables	1 522	—	—	—	—	—	—
<b>Borrowings</b>							
Loan liabilities	3	—	—	—	—	—	—
Finance leases	4 162	—	—	—	—	—	—
Debt securities	30 537	—	—	305	- 305	305	- 305
PPP liability	219	—	—	—	—	—	—
Derivatives payable	451	—	—	5	- 5	5	- 5
<b>Total financial liabilities</b>	<b>76 624</b>	<b>859</b>	<b>- 859</b>	<b>310</b>	<b>- 310</b>	<b>310</b>	<b>- 310</b>

Note: Totals may not add due to rounding.

## Fair value of financial instruments

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments. These financial instruments include cash, deposits, receivables and payables, other than those relating to derivatives.

The carrying amount of all other financial assets and liabilities equates to their net fair value.

AASB 7 *Financial Instruments: Disclosures* requires financial instruments measured at fair value to be classified in accordance with a fair value hierarchy. The fair value hierarchy has the following three levels:

- Level 1 – derived from quoted prices in active markets for identical assets and liabilities
- Level 2 – derived from inputs other than quoted prices that are observable directly or indirectly
- Level 3 – derived from valuation techniques that include inputs for the asset/liability not based on observable market data.

Funds SA, SAFA, Homestart, MAC and RTWSA represent the majority of all financial instruments held at fair value in the whole of government.

The following table presents the consolidated financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy for these agencies only.

(\$ millions)

Whole of Government 2024	Level 1	Level 2	Level 3	Total Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	1 689	—	—	1 689
Investments	31 551	11 717	9 845	53 113
Loans	391	2 863	308	3 562
Derivatives receivable	—	125	—	125
<b>Total financial assets</b>	<b>33 631</b>	<b>14 705</b>	<b>10 153</b>	<b>58 490</b>
<b>Financial liabilities</b>				
Deposits and short term borrowings	27 209	8 499	8 904	44 612
Bonds, notes and debentures	31 526	154	155	31 835
Derivatives payable	—	298	—	298
<b>Total financial liabilities</b>	<b>58 735</b>	<b>8 951</b>	<b>9 058</b>	<b>76 745</b>

(\$ millions)

Whole of Government 2023	Level 1	Level 2	Level 3	Total Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	1 070	—	—	1 070
Investments	30 214	10 668	9 898	50 780
Loans	16	2 366	200	2 582
Derivatives receivable	—	143	—	143
<b>Total financial assets</b>	<b>31 300</b>	<b>13 176</b>	<b>10 098</b>	<b>54 575</b>
<b>Financial liabilities</b>				
Deposits and short term borrowings	24 940	8 542	9 042	42 523
Bonds, notes and debentures	27 257	144	168	27 570
Derivatives payable	—	451	—	451
<b>Total financial liabilities</b>	<b>52 197</b>	<b>9 137</b>	<b>9 210</b>	<b>70 544</b>

Note: Totals may not add due to rounding.

A reconciliation of the net level 3 financial assets and liabilities is provided in the following table:

	(\$ millions)	
<b>Level 3 movement schedule (net)</b>	<b>2024</b>	<b>2023</b>
<b>Opening balance 1 July</b>	<b>888</b>	<b>189</b>
Purchases/settlements	209	281
Sales/issues	- 41	- 35
Total gain/loss in Statement of Comprehensive Income	38	33
Transfers in/out level 3	—	421
<b>Closing balance 30 June</b>	<b>1 095</b>	<b>888</b>

Note: Totals may not add due to rounding.

## 9.2 Aged commitments

### Aged commitments — capital

At the reporting date, the government had entered into contracts for the following capital expenditure. These obligations have not been recognised as liabilities due for payment:

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
not later than one year	2 484	2 222	2 029	1 803
later than one year but not later than five years	559	329	400	251
later than five years	113	135	3	25
<b>Total aged commitments — capital</b>	<b>3 155</b>	<b>2 687</b>	<b>2 431</b>	<b>2 079</b>

### Aged commitments — operating

At the reporting date, the government had entered into contracts for the following operating expenditure. These obligations have not been recognised as liabilities due for payment:

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
not later than one year	2 490	2 226	2 230	1 894
later than one year but not later than five years	4 517	3 999	4 148	3 440
later than five years	4 014	2 229	3 873	2 048
<b>Total aged commitments — operating</b>	<b>11 021</b>	<b>8 455</b>	<b>10 250</b>	<b>7 382</b>
<b>Total aged commitments</b>	<b>14 177</b>	<b>11 141</b>	<b>12 682</b>	<b>9 461</b>

### Aged commitments related to the following agencies:

Department for Infrastructure and Transport	6 044	5 093	6 104	5 093
Incorporated Health Services	3 293	1 837	3 297	1 840
South Australian Water Corporation	968	1 187	—	—
Department for Child Protection	943	682	943	683
Department for Education	326	300	326	300
Department of the Premier and Cabinet	326	185	326	185
Attorney General's Department	318	180	318	180
Urban Renewal Authority	251	48	—	—
South Australian Housing Trust	241	361	—	—
Department for Correctional Services	205	260	205	260
Department of Treasury and Finance	202	133	202	133
Department for Health and Wellbeing	167	91	167	91
South Australian Tourism Commission	122	46	122	50
Department of Human Services	97	117	97	117
South Australia Police	91	91	91	91
Department for Energy and Mining	71	98	71	98
Other agencies	512	433	412	341
<b>Total aged commitments</b>	<b>14 177</b>	<b>11 141</b>	<b>12 682</b>	<b>9 461</b>

Note: Totals may not add due to rounding.

## **Discussion of major aged commitments**

### ***Department for Infrastructure and Transport***

Capital commitments mainly relate to capital expenditure on construction projects relating to the road and rail networks, and the construction and upgrade of government buildings and facilities.

The department's other commitments include major service contracts for road and public transport operations. Accommodation expenses and short term and low value leases that do not meet the definition of a lease under AASB 16 *Leases* have been recognised as an expenditure commitment.

### ***Incorporated Health Services***

Expenditure commitments mainly relate to PPP operations and maintenance commitments in relation to the new Royal Adelaide Hospital.

### ***South Australian Water Corporation***

Capital commitments relate to the Corporation's capital program in delivering water and sewer infrastructure, property, plant and equipment, and intangible assets.

Other expenditure commitments include amounts pursuant to contracts to operate, manage and maintain the Adelaide metropolitan water and sewer networks and treatment plants, and operate, maintain and provide energy for the Adelaide Desalination Project. These commitments reported are based on minimum contracted amounts payable at balance date and include an estimate for escalation of charges.

### ***Department for Child Protection***

Commitments relate to contracted service agreements for out of home care and family support services.

## 9.3 Contingent assets and liabilities

### (a) Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These can be classified into either quantifiable, where the potential economic benefit is known, or non-quantifiable.

#### **New Royal Adelaide Hospital - financing arrangements**

The new Royal Adelaide Hospital project is being delivered under a public-private partnership (PPP) agreement with Celsus. The agreement contains a number of indexation elements which relate to adjustments to certain service payments i.e. interest rate and refinancing service payment adjustments. Where the indexation element is closely related to a lease contract, such as the interest rate payment adjustment, it is not required to be separately accounted for as a derivative. The change in interest rate is accounted for as a contingent rental and expensed in the period incurred.

Like the interest rate service payment adjustment, the refinancing element is an embedded derivative. However, the economic characteristics and risks of this embedded derivative are not closely related to the lease contract and are required to be accounted for separately in the financial statements. The refinancing element could be considered akin to a purchase option in that the Hospital benefits from a portion of gains without exposure to any of the losses.

The valuation of this derivative would be derived via the present value of the estimated future cash flows over the life of the project based on observable interest yield curves, basis spread, credit spreads and option pricing models, as appropriate, adjusted for Celsus' credit risk, (i.e. forward curve of credit risk margin). The estimated value of the contingent asset is unable to be fully determined because of the following uncertain future events that will have an impact on Celsus' credit margin:

- Celsus' credit risk profiling and the number of times Celsus will refinance during the term of the PPP arrangement;
- The type of finance Celsus sources e.g. short-term debt from the banking market vs longer term debt potentially sourced via a private placement;
- Uncertainty around the margin negotiated and whether it will be higher or lower than those assumed margins in the financial modelling;
- Whether the Government of South Australia will make a capital contribution during the first or any refinancing points; and
- The lodgement and resolution of any claims under the PPP agreement.

### (b) Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events where and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

**(i) Quantifiable contingent liabilities: generic guarantee of government business' liabilities**

The Treasurer generally explicitly guarantees the liabilities of government businesses under the enabling legislation for each of the entities. The *Public Corporations Act 1993* provides that the Treasurer guarantees all liabilities of public corporations established pursuant to that Act.

In accordance with AASB 1049 *Whole of Government and General Government Sector Reporting Requirements*, the value of the net assets of public corporations are recognised on the general government Statement of Financial Position under the line 'Investments in other public entities'. The carrying amount of the liabilities guaranteed by the Treasurer are therefore reflected in general government sector net worth.

**(ii) Quantifiable contingent liabilities**

	(\$ millions)			
	Whole of Government		General Government	
	2024	2023	2024	2023
Guarantees				
Treasurer's guarantee re — LGFA guarantees	1 020	680	1 020	680
Other guarantees	47	50	—	—
<b>Total guarantees</b>	<b>1 066</b>	<b>729</b>	<b>1 020</b>	<b>680</b>
Other indemnities / Legal	101	50	101	50
Other contingent liabilities	63	70	13	15
<b>Total quantifiable contingent liabilities</b>	<b>1 231</b>	<b>849</b>	<b>1 134</b>	<b>744</b>

Note: Totals may not add due to rounding.

**Discussion of significant quantifiable contingent liabilities*****Treasurer's guarantee of Local Government Finance Authority loans and other liabilities***

Pursuant to the *Local Government Finance Authority Act 1983*, liabilities incurred or assumed by the Local Government Finance Authority (LGFA) are guaranteed by the Treasurer. These liabilities include bank loans, loans provided by SAFA and other liabilities including deposits or loans from councils and prescribed local government bodies.

The total value of loans and liabilities as at 30 June 2024 was \$1,019.7 million (\$679.8 million at 30 June 2023).

The LGFA has also issued a financial guarantee on behalf of the Workers Compensation Scheme of the Local Government Association of South Australia in favour of RTWSA. The guarantee is fully secured against depositor funds held, the value of which will not be less than the value of any liability that might be incurred.

As at 30 June 2024, the amount of the liability was \$28.271 million (\$27.1 million at 30 June 2023).

***Mutual Liability Scheme***

The Treasurer has indemnified the fund of the Local Government Association (LGA) Mutual Liability Scheme for any admitted claim in the nature of a general liability that the LGA in respect of the Mutual Liability Scheme becomes legally liable to pay. For liability risks not covered under the state government's liability reinsurance program, the indemnity is capped at \$100 million for any one such admitted claim. Any losses that exceed the state government's liability reinsurance program limits and the \$100 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the State Government.

**Bond Guarantee Scheme**

Under the bond guarantee scheme a guarantee for the bond is given to the landlord. In the event of a claim by a landlord, the Office of Consumer and Business Services makes a payment. The South Australian Housing Trust then reimburses the Office of Consumer and Business Services and the private rental customer becomes liable to the South Australian Housing Trust for the amount. The value of bond guarantees issued and outstanding at 30 June 2024 is \$46.726 million (\$49.552 million). The value of claims made this financial year is \$3.558 million (\$4.078 million).

**Future Jobs fund**

The government of South Australia established the Future Jobs Fund. The Fund provided grants and loans to non-government entities intended to create ongoing jobs in a range of sectors. The Fund is now closed to new applicants. Provision of loans and grants from the Fund has been contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans and grants from the Fund as at 30 June 2024 was \$2.77 million (\$5.05 million).

In accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, contingent assets and liabilities are not recognised in the statement of financial position, but are disclosed by way of note and, if quantifiable, are measured at nominal value.

**(iii) Non-quantifiable contingent liabilities****SAHMRI 2**

The SAHMRI 2 project is a Commonwealth Government funded project to establish Australia's first proton therapy unit, it involves:

- a privately financed building to house the proton therapy system;
- the purchase of a proton therapy system funded by a Commonwealth Government grant; and
- development and operation of a proton therapy clinic.

The project is funded by a \$68 million Commonwealth Project Agreement and is supported by a number of State Government agreements entered into to support the project.

The unwinding of these agreements may give rise to unquantified potential exposures to the State in certain circumstances.

## **10. Other disclosures**

### **10.1 Disaggregated information**

For the purpose of this disclosure, effects of transactions and balances between sectors have not been eliminated but those between entities within each sector have been eliminated.

The financial impact of inter-sector transactions and balances is disclosed under the heading of 'Consolidated Eliminations' within the statements on the following pages.

## Statement of comprehensive income for the year ended 30 June 2024

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Revenue from transactions</b>										
Taxation revenues	6 575	5 866	—	—	—	—	- 283	- 244	6 291	5 622
Grant revenue	15 445	14 323	414	348	10	8	- 425	- 352	15 444	14 328
Charges for goods and services	3 390	3 062	1 970	1 740	1 195	1 037	- 679	- 641	5 876	5 198
Interest income	480	341	31	26	2 279	1 715	-1 559	-1 236	1 231	846
Dividends and income tax equivalents	435	214	1	1	86	70	- 430	- 209	93	75
Other revenues	1 610	1 602	119	96	34	35	- 12	- 19	1 750	1 715
<b>Total revenue from transactions</b>	<b>27 933</b>	<b>25 408</b>	<b>2 536</b>	<b>2 212</b>	<b>3 604</b>	<b>2 865</b>	<b>-3 388</b>	<b>-2 701</b>	<b>30 685</b>	<b>27 785</b>
<b>Expenses from transactions</b>										
Employee related expenses	10 201	9 735	331	305	78	69	- 35	- 30	10 576	10 079
Superannuation interest cost	306	269	—	—	—	—	—	—	306	269
Other superannuation expenses	1 119	1 016	40	35	9	7	—	—	1 167	1 059
Depreciation and amortisation	1 586	1 516	499	530	27	25	- 33	- 30	2 078	2 041
Use of goods and services	6 932	6 426	1 039	944	99	70	- 301	- 300	7 770	7 141
Interest expenses	1 225	975	248	226	2 120	1 598	-1 550	-1 231	2 043	1 568
Grant expenses	3 857	3 361	108	80	—	—	- 423	- 357	3 542	3 084
Income tax expense	—	—	61	66	29	24	- 90	- 90	—	—
Other expenses	2 294	2 070	305	286	1 051	1 220	- 618	- 545	3 032	3 031
<b>Total expenses from transactions</b>	<b>27 520</b>	<b>25 367</b>	<b>2 631</b>	<b>2 472</b>	<b>3 413</b>	<b>3 014</b>	<b>-3 050</b>	<b>-2 582</b>	<b>30 515</b>	<b>28 271</b>
<b>Net result from transactions — Net operating balance</b>	<b>413</b>	<b>41</b>	<b>- 95</b>	<b>- 259</b>	<b>191</b>	<b>- 149</b>	<b>- 339</b>	<b>- 119</b>	<b>170</b>	<b>- 486</b>
<b>Other economic flows — included in net result</b>										
Net foreign exchange gains/(losses)	—	1	—	—	—	—	—	—	—	1
Net gain/(loss) on sale of non-financial assets	2	- 19	14	29	9	9	—	—	25	20
Net gain/(loss) on financial assets or liabilities at fair value	57	- 3	68	29	368	363	38	258	531	647
Impairment loss on receivables and contract assets	- 7	- 6	- 5	- 3	- 6	- 1	—	—	- 18	- 10
Net actuarial gains/(losses) of superannuation defined benefit plans	415	- 586	—	—	—	—	—	—	415	- 586
Revaluation to deferred income tax equivalents	- 286	- 581	—	—	—	—	286	581	—	—
Other net actuarial gains/(losses)	- 291	- 49	- 5	2	- 196	- 245	- 67	- 52	- 560	- 343
Other economic flows	- 32	- 67	- 156	57	- 9	- 2	—	—	- 197	- 12
<b>Total other economic flows — included in net result</b>	<b>- 142</b>	<b>- 1 311</b>	<b>- 84</b>	<b>114</b>	<b>166</b>	<b>125</b>	<b>257</b>	<b>787</b>	<b>197</b>	<b>- 284</b>
<b>Net result</b>	<b>271</b>	<b>- 1 269</b>	<b>- 180</b>	<b>- 145</b>	<b>357</b>	<b>- 24</b>	<b>- 82</b>	<b>668</b>	<b>367</b>	<b>- 770</b>

Note: Totals may not add due to rounding.

<b>Statement of comprehensive income for the year ended 30 June 2024 (continued)</b>										
<b>Sector of Government</b>	(\$ millions)									
	<b>General Government</b>		<b>Public Financial Corporations</b>		<b>Public Financial Corporations</b>		<b>Consolidated Eliminations</b>		<b>Consolidated Whole of Government</b>	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Other economic flows — non-owner movements in equity</b>										
Changes in asset revaluation reserve	4 314	4 083	1 451	802	—	—	- 286	- 581	5 479	4 304
Net gain/(loss) on equity investments in other sectors	1 223	704	—	—	—	—	- 1 223	- 704	—	—
Net gain/(loss) on financial assets at fair value through Comprehensive Income	19	- 8	—	—	- 13	- 4	—	—	6	- 11
Current year — error adjustments to equity	40	- 66	- 2	- 5	—	—	- 23	- 9	16	- 80
Prior Period adjustments	—	- 149	—	—	—	—	—	—	—	- 149
<b>Total other economic flows — non-owner movements in equity</b>	<b>5 596</b>	<b>4 565</b>	<b>1 449</b>	<b>797</b>	<b>- 13</b>	<b>- 4</b>	<b>- 1 532</b>	<b>- 1 294</b>	<b>5 500</b>	<b>4 064</b>
<b>Comprehensive result</b>	<b>5 867</b>	<b>3 296</b>	<b>1 269</b>	<b>652</b>	<b>344</b>	<b>- 27</b>	<b>- 1 614</b>	<b>- 626</b>	<b>5 867</b>	<b>3 294</b>
<b>Transactions with owners</b>										
Dividends/Capital returned	—	—	- 202	- 91	- 138	- 28	340	119	—	—
Restructures	—	- 2	—	2	—	—	—	—	—	—
Contributed capital	—	—	414	187	—	—	- 414	- 187	—	—
<b>Total transactions with owners</b>	<b>—</b>	<b>- 2</b>	<b>213</b>	<b>98</b>	<b>- 138</b>	<b>- 28</b>	<b>- 75</b>	<b>- 68</b>	<b>—</b>	<b>—</b>
<b>Total change in net worth</b>	<b>5 867</b>	<b>3 294</b>	<b>1 482</b>	<b>749</b>	<b>207</b>	<b>- 56</b>	<b>- 1 688</b>	<b>- 694</b>	<b>5 867</b>	<b>3 294</b>
<b>Key fiscal aggregates</b>										
<b>Net operating balance</b>	413	41	- 95	- 259	191	- 149	- 339	- 119	170	- 486
Less net acquisition of non-financial assets	1 591	1 256	826	216	8	15	- 12	- 2	2 413	1 485
<b>Net lending/borrowing</b>	<b>- 1 178</b>	<b>- 1 215</b>	<b>- 922</b>	<b>- 475</b>	<b>183</b>	<b>- 165</b>	<b>- 327</b>	<b>- 117</b>	<b>- 2 243</b>	<b>- 1 971</b>

Note: Totals may not add due to rounding.

## Statement of financial position as at 30 June 2024

(\$ millions)

Sector of Government	General Government		Public Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>										
<b>Financial assets</b>										
Cash and deposits	11 152	10 987	270	516	1 866	1 074	-9 796	-9 860	3 491	2 718
Receivables	2 090	2 316	422	357	512	439	-936	-1 129	2 088	1 983
Contract assets	40	32	—	—	—	—	—	—	40	32
Loans and advances	142	132	21	15	36 719	33 372	-33 158	-30 806	3 725	2 713
Investments and placements	668	701	36	33	21 235	19 731	-132	-148	21 808	20 317
Investments in other public entities	22 224	20 565	—	—	—	—	-22 224	-20 565	—	—
Other equity investments	116	108	11	11	33 577	32 527	—	—	33 703	32 646
<b>Total financial assets</b>	<b>36 432</b>	<b>34 840</b>	<b>760</b>	<b>932</b>	<b>93 909</b>	<b>87 144</b>	<b>-66 246</b>	<b>-62 507</b>	<b>64 855</b>	<b>60 408</b>
<b>Non-financial assets</b>										
Produced assets										
Inventories	113	127	823	625	—	—	—	—	936	752
Machinery and equipment	1 803	1 644	289	213	237	216	—	5	2 330	2 078
Buildings and structures	51 624	47 355	17 493	17 475	—	1	—	140	69 117	64 972
Heritage assets	1 435	1 429	9	10	—	—	—	4	1 444	1 443
Biological assets	4	4	117	124	—	—	—	—	121	127
Intangible assets	474	451	32	33	—	4	—	—	506	488
Non-financial assets held for sale or transfer	1	157	7	2	10	9	—	-149	18	19
Other non-financial assets	145	134	151	126	30	55	-124	-137	203	178
Right-of-use leased assets	3 889	3 849	180	187	11	14	-61	-47	4 020	4 004
Non-produced assets										
Land	12 176	10 476	9 864	8 218	—	—	—	50	22 040	18 744
Intangible assets	365	380	142	141	8	11	—	—	515	532
Non-financial assets held for sale or transfer	8	89	—	3	—	—	—	-50	9	43
Right-of-use leased assets	3	3	1	—	—	—	—	—	4	4
<b>Total non-financial assets</b>	<b>72 043</b>	<b>66 099</b>	<b>29 106</b>	<b>27 158</b>	<b>298</b>	<b>311</b>	<b>-184</b>	<b>-184</b>	<b>101 262</b>	<b>93 385</b>
<b>Total assets</b>	<b>108 475</b>	<b>100 939</b>	<b>29 866</b>	<b>28 090</b>	<b>94 207</b>	<b>87 455</b>	<b>-66 431</b>	<b>-62 691</b>	<b>166 117</b>	<b>153 793</b>

Note: Totals may not add due to rounding.

## Statement of financial position as at 30 June 2024 (continued)

(\$ millions)

Sector of Government	General Government		Non Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>LIABILITIES</b>										
Deposits held	342	529	—	1	9 691	9 528	-9 845	-9 878	188	181
Borrowings	30 943	29 002	8 925	8 447	34 722	30 553	-35 455	-33 081	39 135	34 921
Payables	1 458	1 299	382	301	387	650	-251	-257	1 977	1 993
Contract liabilities	83	75	27	23	28	25	—	—	138	123
Employee related liabilities	3 512	3 213	103	96	17	15	-7	-7	3 624	3 316
Unfunded superannuation liabilities	6 893	7 518	—	—	—	—	—	—	6 893	7 518
Superannuation fund deposits	—	—	—	—	41 710	39 550	—	—	41 710	39 550
Provisions (other than employee benefits)	1 009	916	37	35	7 252	6 921	—	—	8 298	7 871
Other liabilities	2 595	2 615	570	848	55	76	-707	-991	2 514	2 549
<b>Total liabilities</b>	<b>46 836</b>	<b>45 167</b>	<b>10 044</b>	<b>9 750</b>	<b>93 862</b>	<b>87 317</b>	<b>-46 264</b>	<b>-44 214</b>	<b>104 478</b>	<b>98 021</b>
<b>Net assets</b>	<b>61 639</b>	<b>55 772</b>	<b>19 822</b>	<b>18 340</b>	<b>344</b>	<b>138</b>	<b>-20 166</b>	<b>-18 478</b>	<b>61 639</b>	<b>55 772</b>
<b>EQUITY</b>										
Retained earnings	1 025	106	2 481	2 806	338	119	2 344	2 667	6 189	5 698
Contributed capital	—	—	2 627	2 190	—	—	-2 627	-2 190	—	—
Reserves										
Asset revaluation reserve	40 863	37 156	14 602	13 226	—	—	-286	-581	55 178	49 801
Other reserves	120	109	112	119	6	19	—	—	238	247
Investment reserve	34	26	—	—	—	—	—	—	34	26
Net equity investments in other sectors reserve	19 598	18 375	—	—	—	—	-19 598	-18 375	—	—
<b>Total equity (Net worth)</b>	<b>61 639</b>	<b>55 772</b>	<b>19 822</b>	<b>18 340</b>	<b>344</b>	<b>138</b>	<b>-20 166</b>	<b>-18 478</b>	<b>61 639</b>	<b>55 772</b>

Note: Totals may not add due to rounding.

## Statement of changes in equity for the year ended 30 June 2024

	(\$ millions)		
Sector of Government	Equity at 1 July 2023	Total comprehensive result (a)	Equity at 30 June 2024
<b>General Government sector</b>			
Retained earnings	106	919	1 025
Asset revaluation reserve	37 156	3 707	40 863
Other reserves	109	11	120
Investment reserve	26	8	34
Net equity investments in other sectors reserve	18 375	1 223	19 598
<b>Total General Government sector</b>	<b>55 772</b>	<b>5 867</b>	<b>61 639</b>
<b>Public Non-Financial sector</b>			
Contributed capital	2 190	437	2 627
Retained earnings	2 806	- 324	2 481
Asset revaluation reserve	13 226	1 376	14 602
Other reserves	119	- 6	112
<b>Total Public Non-Financial sector</b>	<b>18 340</b>	<b>1 482</b>	<b>19 822</b>
<b>Public Financial Corporations sector</b>			
Retained earnings	119	219	338
Other reserves	19	- 13	6
<b>Total Public Financial Corporations sector</b>	<b>138</b>	<b>207</b>	<b>344</b>
<b>Total sector equity</b>	<b>74 250</b>	<b>7 556</b>	<b>81 805</b>
Eliminations	-18 478	-1 688	-20 166
<b>Total Whole of Government</b>	<b>55 772</b>	<b>5 867</b>	<b>61 639</b>

Note: Totals may not add due to rounding.

(a) Total comprehensive result (after transactions with owners)

## Statement of cash flows for the year ended 30 June 2024

(\$ millions)

Sector of Government	General Government		Public Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
<b>Cash inflows (receipts)</b>										
Taxes received	6 535	5 771	—	—	—	—	- 251	- 269	6 284	5 503
Grants received	15 465	14 505	414	348	10	8	- 425	- 351	15 464	14 510
Sales of goods and services	3 235	2 964	1 937	1 694	1 199	1 030	- 681	- 636	5 690	5 053
Interest receipts	444	296	31	24	2 268	1 678	-1 543	-1 170	1 200	828
Dividends and income tax equivalents received	467	187	1	1	86	70	- 462	- 183	93	75
Other receipts	2 021	2 019	76	193	50	58	- 33	- 31	2 115	2 239
<b>Cash generated from operating activities</b>	<b>28 167</b>	<b>25 743</b>	<b>2 459</b>	<b>2 260</b>	<b>3 614</b>	<b>2 844</b>	<b>- 3 394</b>	<b>- 2 640</b>	<b>30 847</b>	<b>28 207</b>
<b>Cash outflows (payments)</b>										
Payments to employees	-11 689	-11 040	- 363	- 342	- 85	- 76	35	31	-12 102	-11 427
Purchases of goods and services	-6 584	-6 143	-1 141	- 971	- 94	- 71	309	275	- 7 510	- 6 909
Interest paid	-1 188	- 904	- 346	- 324	-2 170	-1 589	1 690	1 281	- 2 014	-1 536
Grants paid	-3 860	-3 415	- 107	- 79	—	—	422	356	- 3 546	- 3 138
Other payments	-2 465	-2 261	- 305	- 356	- 990	- 768	554	535	- 3 206	- 2 851
<b>Cash used in operating activities</b>	<b>-25 786</b>	<b>-23 764</b>	<b>- 2 263</b>	<b>- 2 072</b>	<b>- 3 339</b>	<b>- 2 503</b>	<b>3 010</b>	<b>2 478</b>	<b>-28 378</b>	<b>-25 861</b>
<b>Net cash flows from operating activities</b>	<b>2 381</b>	<b>1 979</b>	<b>197</b>	<b>188</b>	<b>276</b>	<b>340</b>	<b>- 384</b>	<b>- 162</b>	<b>2 469</b>	<b>2 345</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Non-financial assets</b>										
Sales of non-financial assets	282	48	35	58	56	40	- 202	—	171	146
Purchases of non-financial assets	-3 459	-2 781	-1 148	- 707	- 91	- 78	202	—	- 4 496	- 3 566
<b>Net cash flows from investments in non-financial assets</b>	<b>-3 177</b>	<b>- 2 733</b>	<b>- 1 114</b>	<b>- 649</b>	<b>- 35</b>	<b>- 38</b>	<b>—</b>	<b>—</b>	<b>- 4 326</b>	<b>- 3 420</b>
<b>Financial assets (policy purposes)</b>										
Advances repaid	36	52	1	1	1 925	1 690	-1 388	-1 149	574	593
Advances granted	- 464	- 266	- 6	- 15	- 5 165	- 3 455	4 161	2 869	- 1 474	- 867
<b>Net cash flows from investments in financial assets</b>	<b>- 428</b>	<b>- 214</b>	<b>- 5</b>	<b>- 14</b>	<b>- 3 240</b>	<b>- 1 766</b>	<b>2 773</b>	<b>1 719</b>	<b>- 900</b>	<b>- 275</b>

Note: Totals may not add due to rounding.

## Statement of cash flows for the year ended 30 June 2024 (continued)

(\$ millions)

Sector of Government	General Government		Public Financial Corporations		Public Financial Corporations		Consolidated Eliminations		Consolidated Whole of Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Financial assets (liquidity management purposes)</b>										
Sales of investments	22	8	2	—	7 021	9 905	—	—	7 045	9 913
Purchases of investments	-41	-49	-2	-3	-7 651	-10 019	—	—	-7 694	-10 071
<b>Net cash flows from investments in financial assets</b>	<b>-19</b>	<b>-41</b>	<b>—</b>	<b>-3</b>	<b>-629</b>	<b>-114</b>	<b>—</b>	<b>—</b>	<b>-649</b>	<b>-158</b>
<b>Net cash flows from investing activities</b>	<b>-3 625</b>	<b>-2 987</b>	<b>-1 119</b>	<b>-667</b>	<b>-3 904</b>	<b>-1 917</b>	<b>2 773</b>	<b>1 719</b>	<b>-5 874</b>	<b>-3 852</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Cash inflows (receipts)</b>										
Advances received	—	—	414	187	—	—	-414	-187	—	—
Deposits received	30	27	—	—	118	-864	-101	614	47	-223
Borrowings	1 884	1 329	1 864	1 341	10 566	7 904	-3 747	-2 667	10 567	7 906
<b>Cash generated from financing activities</b>	<b>1 914</b>	<b>1 355</b>	<b>2 278</b>	<b>1 528</b>	<b>10 684</b>	<b>7 040</b>	<b>-4 262</b>	<b>-2 240</b>	<b>10 613</b>	<b>7 683</b>
<b>Cash outflows (payments)</b>										
Dividends paid / Capital returned	—	—	-202	-91	-136	-28	338	119	—	—
Deposits paid	-217	-39	-1	-1	—	—	179	35	-39	-5
Borrowings	-289	-300	-1 399	-1 131	-6 128	-5 352	1 420	1 178	-6 396	-5 605
<b>Cash used in financing activities</b>	<b>-506</b>	<b>-338</b>	<b>-1 602</b>	<b>-1 224</b>	<b>-6 264</b>	<b>-5 380</b>	<b>1 937</b>	<b>1 332</b>	<b>-6 435</b>	<b>-5 609</b>
<b>Net cash flows from financing activities</b>	<b>1 408</b>	<b>1 017</b>	<b>676</b>	<b>305</b>	<b>4 420</b>	<b>1 660</b>	<b>-2 325</b>	<b>-907</b>	<b>4 179</b>	<b>2 074</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>164</b>	<b>9</b>	<b>-246</b>	<b>-174</b>	<b>791</b>	<b>83</b>	<b>63</b>	<b>650</b>	<b>773</b>	<b>567</b>
Cash and cash equivalents at beginning of the year	10 987	10 979	516	690	1 074	992	-9 860	-10 509	2 718	2 151
<b>Cash and cash equivalents at the end of the year</b>	<b>11 152</b>	<b>10 987</b>	<b>270</b>	<b>516</b>	<b>1 866</b>	<b>1 074</b>	<b>-9 796</b>	<b>-9 860</b>	<b>3 491</b>	<b>2 718</b>
<b>Key fiscal aggregates</b>										
Net cash flows from operating activities	2 381	1 979	197	188	276	340	-384	-162	2 469	2 345
Net Cash flows from investment in non-financial assets	-3 177	-2 733	-1 114	-649	-35	-38	—	—	-4 326	-3 420
Dividends paid	—	—	-202	-91	-136	-28	338	119	—	—
<b>Cash surplus/(deficit)</b>	<b>-796</b>	<b>-754</b>	<b>-1 119</b>	<b>-552</b>	<b>105</b>	<b>274</b>	<b>-46</b>	<b>-43</b>	<b>-1 857</b>	<b>-1 075</b>

Note: Totals may not add due to rounding.

## 10.2 Reconciliation of Key Fiscal Aggregates to GFS Aggregates

This note identifies the convergence differences between the Australian Accounting standards reporting (which this report is based on) and GFS reporting.

In December 2019, AASB 2019-7 *Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal aggregates and GAAP/GFS Reconciliations* was issued to modify AASB 1049 *Whole of Government and General Government Sector Financial Reporting* requirements by providing optional relief from the disclosure of key fiscal aggregates measured in accordance with the GFS where they differ from the fiscal aggregates provided pursuant to AASB 1049.

If the optional relief is adopted, AASB 2019-7 requires an explanation of how each of the key fiscal aggregates required per AASB 1049 is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS.

The key fiscal aggregates, as defined in Note 10.9 *Key technical terms used in the financial report* are:

- Cash surplus/deficit
- Comprehensive result - total change in net worth
- Net lending/borrowing
- Net result from transactions - net operating balance
- Net worth

The convergence differences between AASB 1049 and the GFS and their expected impacts applying GFS methodology are outlined in the following table:

Convergence difference	AASB 1049 Treatment	ABS GFS Treatment	Fiscal aggregate impact
<b>AASB 16 Leases</b>			
	Operating leases are recognised on the statement of financial position under AASB 16 <i>Leases</i> unless the lease is shorter than 12 months or where the underlying assets are worth less than \$15,000.	Under GFS, operating leases are not recognised on the statement of financial position.	Cash surplus/deficit, Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.
<b>AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities</b>			
	Deferral of revenue recognition, such as where performance obligations exist or for capital grants from the Commonwealth Government, is under AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .	Under GFS, the deferral of revenue recognition, such as where performance obligations exist or for capital grants from the Commonwealth Government, is not recognised. This timing difference is expected to impact all the fiscal aggregates. While it is expected that there will not be a net change to the fiscal aggregates over time, there will be convergence differences in any given year.	Cash surplus/deficit, Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.

<b>Convergence difference</b>	<b>AASB 1049 Treatment</b>	<b>ABS GFS Treatment</b>	<b>Fiscal aggregate impact</b>
<b>PNFC/PFC Dividends</b>			
	Dividends are classified as after-profit distributions to owners.	Under GFS, dividends paid/payable are recognised as an expense from transactions on the comprehensive income statement.	Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.
<b>Future tax benefits/ deferred tax liabilities</b>			
	Tax effect accounting is adopted, whereby differences between tax and accounting bases are deferred as either future income tax benefit assets or provisions for deferred liabilities.	Under GFS, deferred tax is not recognised.	Comprehensive result - total change in net worth, Net lending/borrowing, Net result from transactions - net operating balance, Net Worth.
<b>Impairment losses (doubtful debts) on receivables</b>			
	Provision for impairment losses on receivables are included on the statement of financial position.	Under GFS, the act of creating provisions is not considered an economic event and is therefore not included in the statement of financial position.	Comprehensive result - total change in net worth, Net Worth.
<b>Investment in other sector entities</b>			
	The net worth of investments in other sector entities for the general government sector includes impairment losses on receivables, future tax benefits and deferred tax liabilities of the PNFC and PFC sector.	Under GFS, the determination of net worth is exclusive of this.	Comprehensive result - total change in net worth, Net Worth.

### **10.3 Budgetary information (General Government sector only)**

The tables presented within this note provide a comparison of the original budget figures as presented in the 2023–24 Budget Statement to the 2023–24 final outcome figures as presented in accordance with AASB 1055 *Budgetary Reporting*.

The original budget figures presented in the 2023–24 Budget Statement are presented on the Uniform Presentation Framework basis (UPF). However, AASB 1055 requires that the original budget information be disclosed on the same basis, which includes in the same format, to facilitate a comparison of actuals against the budget.

Unlike the actuals, the original budget figures have not been subject to an audit process. As the Government of South Australia does not present budgets on the AASB 1055 presentational basis, a restated budget presentation is provided to align with the accounting presentation specified by the standard.

In addition, the Government of South Australia does not present budgets at a whole of government level and therefore, only the general government sector can be presented for this note.

## Statement of comprehensive income for the year ended 30 June 2024

(\$ millions)

	Note	2023-24 Original budget	2023-24 Actual	Variance
<b>Revenue from transactions</b>				
Taxation revenues	a	5 827	6 575	748
Grant revenue		15 404	15 445	41
Charges for goods and services	b	3 074	3 390	316
Interest income	c	403	480	77
Dividends and income tax equivalents	d	248	435	187
Other revenues		1 647	1 610	- 37
<b>Total revenue from transactions</b>		<b>26 603</b>	<b>27 933</b>	<b>1 330</b>
<b>Expenses from transactions</b>				
Employee related expenses		9 870	10 201	331
Superannuation interest cost	e	265	306	41
Other superannuation expenses		1 121	1 119	- 2
Depreciation and amortisation		1 564	1 586	22
Use of goods and services	f	6 134	6 932	798
Interest expenses		1 254	1 225	- 29
Grant expenses		3 971	3 857	- 114
Other expenses		2 174	2 294	120
<b>Total expenses from transactions</b>		<b>26 353</b>	<b>27 520</b>	<b>1 167</b>
<b>Net result from transactions — Net operating balance</b>		<b>250</b>	<b>413</b>	<b>163</b>
<b>Other economic flows — included in net result</b>				
Net gain/(loss) on sale of non-financial assets		1	2	1
Net gain/(loss) on financial assets or liabilities at fair value		3	57	54
Impairment loss on receivables and contract assets		- 8	- 7	1
Net actuarial gain/(loss) on super defined benefit plans	g	203	415	212
Revaluations of deferred income tax equivalents	h	107	- 286	- 393
Other net actuarial gains/(losses)	i	- 143	- 291	- 148
Other economic flows		—	- 32	- 32
<b>Total other economic flows — included in net result</b>		<b>164</b>	<b>- 142</b>	<b>- 306</b>
<b>Net result</b>		<b>413</b>	<b>271</b>	<b>- 142</b>
<b>Other economic flows — non-owner movements in equity</b>				
Changes in asset revaluation reserve	j	41	4 314	4 273
Net gain/(loss) on equity investments in other sectors	k	124	1 223	1 099
Net gain/(loss) on financial assets at fair value through Comprehensive Income		—	19	19
Current year adjustments to equity		—	40	40
<b>Total other economic flows — non-owner movements in equity</b>		<b>165</b>	<b>5 596</b>	<b>5 431</b>
<b>Comprehensive result</b>		<b>579</b>	<b>5 867</b>	<b>5 288</b>
<b>Total change in net worth</b>		<b>579</b>	<b>5 867</b>	<b>5 288</b>
<b>Key fiscal aggregates</b>				
<b>Net operating balance</b>		<b>250</b>	<b>413</b>	<b>163</b>
Less net acquisition of non-financial assets		2 096	1 591	- 505
<b>Net lending/borrowing</b>		<b>-1 846</b>	<b>-1 178</b>	<b>668</b>

Note: Totals may not add due to rounding.

## Statement of financial position as at 30 June 2024

(\$ millions)

	Note	2023-24 Original budget	2023-24 Actual	Variance
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and deposits		11 072	11 152	80
Receivables		2 805	2 090	- 715
Contract assets		28	40	12
Loans and advances		257	142	- 115
Investments and placements		678	668	- 10
Investments in other public entities		20 464	22 224	1 760
Other equity investments		101	116	15
<b>Total financial assets</b>		<b>35 405</b>	<b>36 432</b>	<b>1 027</b>
<b>Non-financial assets</b>				
Produced assets				
Inventories		150	113	- 37
Machinery and equipment		902	1 803	901
Buildings and structures		48 426	51 624	3 198
Heritage assets		1 421	1 435	14
Biological assets		5	4	- 1
Intangible assets		484	474	- 10
Non-financial assets held for sale or transfer		62	1	- 61
Other non-financial assets		124	145	21
Right-of-use leased assets		3 714	3 889	175
Non-produced assets				
Land		8 775	12 176	3 401
Intangible assets		304	365	61
Non-financial assets held for sale or transfer		58	8	- 50
Right-of-use leased assets		—	3	3
<b>Total non-financial assets</b>		<b>64 427</b>	<b>72 043</b>	<b>7 616</b>
<b>Total assets</b>		<b>99 832</b>	<b>108 475</b>	<b>8 643</b>
<b>LIABILITIES</b>				
Deposits held		399	342	- 57
Borrowings		31 900	30 943	- 957
Payables		1 309	1 458	149
Contract liabilities		79	83	4
Employee related liabilities		3 374	3 512	138
Unfunded superannuation liabilities		6 598	6 893	295
Provisions (other than employee benefits)		905	1 009	104
Other liabilities		2 521	2 595	74
<b>Total liabilities</b>		<b>47 086</b>	<b>46 836</b>	<b>- 250</b>
<b>Net assets</b>		<b>52 746</b>	<b>61 639</b>	<b>8 893</b>
<b>EQUITY</b>				
Retained earnings		1 396	1 025	- 371
Reserves				
Asset revaluation reserve		33 325	40 863	7 538
Other reserves		120	120	—
Investment reserve		23	34	11
Net equity investments in other sectors reserve		17 883	19 598	1 715
<b>Total equity (Net worth)</b>		<b>52 746</b>	<b>61 639</b>	<b>8 893</b>

Note: Totals may not add due to rounding.

## Statement of cash flows for the year ended 30 June 2024

(\$ millions)

	Note	2023-24 Original budget	2023-24 Actual	Variance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash inflows (receipts)</b>				
Taxes received		5 795	6 535	740
Grants received		15 389	15 465	76
Sales of goods and services		2 973	3 235	262
Interest receipts		382	444	62
Dividends and income tax equivalents received		274	467	193
Other receipts		1 670	2 021	351
<b>Cash generated from operating activities</b>		<b>26 483</b>	<b>28 167</b>	<b>1 684</b>
<b>Cash outflows (payments)</b>				
Payments to employees		-11 470	-11 689	- 219
Purchases of goods and services		-6 141	-6 584	- 443
Interest paid		-1 228	-1 188	40
Grants paid		-3 965	-3 860	105
Other payments		-2 075	-2 465	- 390
<b>Cash used in operating activities</b>		<b>-24 880</b>	<b>-25 786</b>	<b>- 906</b>
<b>Net cash flows from operating activities</b>		<b>1 603</b>	<b>2 381</b>	<b>778</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Non-financial assets</b>				
Sales of non-financial assets		36	282	246
Purchases of non-financial assets		-3 510	-3 459	51
<b>Net cash flows from investments in non-financial assets</b>		<b>-3 474</b>	<b>-3 177</b>	<b>297</b>
<b>Financial assets (policy purposes)</b>				
Advances repaid		26	36	10
Advances granted		- 423	- 464	- 41
<b>Net cash flows from investments in financial assets</b>		<b>- 397</b>	<b>- 428</b>	<b>- 31</b>
<b>Financial assets (liquidity management purposes)</b>				
Sales of investments		1	22	21
Purchases of investments		- 13	- 41	- 28
<b>Net cash flows from investments in financial assets</b>		<b>- 12</b>	<b>- 19</b>	<b>- 7</b>
<b>Net cash flows from investing activities</b>		<b>-3 883</b>	<b>-3 625</b>	<b>258</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash inflows (receipts)</b>				
Deposits received		- 66	30	96
Borrowings		3 237	1 884	-1 353
<b>Cash generated from financing activities</b>		<b>3 172</b>	<b>1 914</b>	<b>-1 258</b>
<b>Cash outflows (payments)</b>				
Deposits paid		—	- 217	- 217
Borrowings		- 278	- 289	- 11
<b>Cash used in financing activities</b>		<b>- 278</b>	<b>- 506</b>	<b>- 228</b>
<b>Net cash flows from financing activities</b>		<b>2 893</b>	<b>1 408</b>	<b>-1 485</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>613</b>	<b>164</b>	<b>- 449</b>
Cash and cash equivalents at beginning of the year		10 459	10 987	528
<b>Cash and cash equivalents at the end of the year</b>		<b>11 072</b>	<b>11 152</b>	<b>80</b>
<b>Key fiscal aggregates</b>				
Net cash flows from operating activities		1 603	2 381	778
Net Cash flows from investment in non-financial assets		-3 474	-3 177	297
<b>Cash surplus/(deficit)</b>		<b>-1 871</b>	<b>- 796</b>	<b>1 075</b>

Note: Totals may not add due to rounding.

Budget information provided refers to the original estimates as disclosed in the 2023–24 Budget papers and is not subject to audit. Explanation of the major variances between budget and actual outcomes is provided in the 2023-24 Final Budget Outcome.

### **Explanations of major variations between original budget and actual amounts**

#### ***Statement of Comprehensive Income***

(a) Taxation revenue was higher than the original budget largely due to higher collections from conveyance duty, payroll tax, land tax, and motor vehicle taxes. Higher payroll tax collections are supported by strong labour market conditions, while higher conveyance duty and land tax revenue reflects stronger growth in residential property prices and transactions.

(b) Charges for goods and services was higher than the original budget primarily due to additional revenue from disability services provided by the Department of Human Services to the National Disability Insurance Scheme (NDIS) clients.

(c) Interest income was higher than the original budget due to higher interest rates on deposits.

(d) Dividends and tax equivalents were higher than the original budget due to higher than forecast distributions from the South Australian Financing Authority (SAFA) and Renewal SA in relation to stronger 2022-23 operating results.

(e) Superannuation interest cost was higher than the original budget due to an increase in the discount rate used to measure the unfunded superannuation liability.

(f) Use of goods and services was higher than original budget due to additional expenditure on policy items announced as part of the 2023-24 MYBR and the 2023-24 Budget, together with higher expenditures in various agencies than originally forecast at the time of the 2023-24 Budget.

(g) Net actuarial gains on superannuation defined benefit plans was higher than the original budget due to changes in economic assumptions including an increase in the risk-free discount rate and higher than expected returns on investments.

(h) Revaluations to the deferred tax equivalent receivable in the general government sector reflects equivalent movements to the deferred tax liability reported by SA Water.

(i) Variances pertaining to other actuarial gain/(losses) primarily relate to the upward revaluation of the long service liability across numerous government agencies and an upward revaluation to insurance provisions by the Department for Health and Wellbeing.

(j) Changes in asset revaluation reserves increased since the original budget primarily due to increased valuations to multiple non-financial assets in various agencies. These include a revaluation increase in network assets in the Department for Infrastructure and Transport (\$1.3 billion), land and buildings within the Health portfolio (\$827 million), land, building and improvements in the Department for Education (\$582 million), land under roads (\$365 million), land buildings in TAFE SA (\$316 million), and property, plant, equipment, and crown lands in the Department for Environment and Water (\$157 million).

(k) A higher net gain on equity investments in other sectors compared to the original budget reflects changes in the net assets of the PNFC and PFC upon consolidation during the period.

## 10.4 Total expenses and assets by COFOG

(\$ millions)

	Whole of Government		General Government	
	2024	2023	2024	2023
<b>Total expenses from transactions by function</b>				
General public services	3 394	2 843	2 502	2 173
Public order and safety	2 374	2 274	2 358	2 258
Economic affairs	844	823	802	789
Environmental protection	444	434	444	434
Housing and community amenities	1 145	1 133	328	352
Health	8 551	8 059	8 551	8 059
Recreation, Culture and Religion	1 202	1 104	1 083	1 004
Education	6 504	5 865	6 504	5 865
Social protection	3 967	3 700	2 860	2 398
Transport	2 090	2 037	2 089	2 036
<b>Total expenses from transactions by function</b>	<b>30 515</b>	<b>28 271</b>	<b>27 520</b>	<b>25 367</b>
<b>Total assets by function</b>				
General public services	58 456	55 209	43 571	41 744
Public order and safety	3 041	2 880	3 009	2 851
Economic affairs	1 241	1 160	887	834
Environmental protection	6 367	5 726	2 048	1 746
Housing and community amenities	15 590	15 602	2 150	2 022
Health	7 797	6 677	7 809	6 689
Recreation, Culture and Religion	5 799	5 395	4 902	4 713
Education	8 825	7 884	8 837	7 895
Social protection	24 421	21 085	716	453
Transport	34 581	32 177	34 545	31 992
<b>Total assets by function</b>	<b>166 117</b>	<b>153 793</b>	<b>108 475</b>	<b>100 939</b>

Note: Totals may not add due to rounding.

COFOG classifies expenses and assets of the public sector in terms of the purposes for which the transactions are made. The major groups reflect the broad objectives of government.

### General public services

Include legislative and executive affairs, financial and fiscal affairs, external affairs, foreign economic aid, general services, basic research, general public services, public debt transactions, transfers of a general character between different levels of government, and research and development.

### Public order and safety

Includes police services, civil and fire protection services, law courts, prisons, research and development.

### Economic affairs

Includes general economic, commercial and labour affairs, agriculture, forestry, fishing and hunting, fuel and energy, mining, manufacturing and construction, communications, other industries and research and development.

### Environmental protection

Includes waste management, waste water management, pollution abatement, protection of biodiversity and landscape, research and development.

**Housing and community amenities**

Includes housing development, community development, water supply, street lighting, research and development.

**Health**

Includes medical products, appliances and equipment, outpatient services, hospital services, mental health institutions, community health services, public health services, and research and development.

**Recreation, culture and religion**

Includes recreational and sporting services, cultural services, broadcasting and publishing services, religious and other community services, and research and development.

**Education**

Includes pre-primary, primary, secondary and tertiary education, subsidiary services to education, special education, transportation of students and research and development.

**Social protection**

Includes expenditure on sickness and disability, old age, survivors, family and children, unemployment, housing, and research and development.

**Transport**

Includes road transport, bus transport, water transport, rail transport, air transport, multi-mode urban transport, pipeline and other transport, and research and development.

## 10.5 Related party transactions

### Whole of Government

The Government of South Australia (whole of government) reporting entity consists of all entities controlled by the state government. Transactions between these entities are eliminated and therefore not separately disclosed. These entities are set out in Note 10.8 *Details of controlled entities*.

Related parties of the Government of South Australia reporting entity include:

- key management personnel and their close family members
- other arrangements or entities controlled or jointly controlled by the ministers or their close family members
- all associates and joint ventures

### Key Management Personnel (KMP)

Key management personnel are all Cabinet Ministers. Minister's compensation and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*. The aggregated remuneration for Cabinet Ministers is:

#### Compensation of Key Management Personnel

	(\$ millions)	
	2024	2023
Salaries and other short term employee benefits	7	7
Post-employment benefits	1	1
<b>Total compensation</b>	<b>8</b>	<b>8</b>

### Transactions and balances with Key Management Personnel and other related parties

Given the breadth and depth of State Government activities, related parties will transact with the South Australian public sector in a manner consistent with other members of the public, involving the receipt of services and benefits, and payment of taxes and other government fees and charges.

### General Government

The general government sector comprises public sector agencies that are wholly owned and controlled by the Government of South Australia and which are largely funded by central collected revenue such as taxes, royalties and Commonwealth grants. The agencies are engaged mainly in the provision of services outside the normal market mechanism, or that provide for the transfer of income for public policy purposes.

Related parties of the general government sector include:

- key management personnel and their close family members
- other arrangements or entities controlled or jointly controlled by the Ministers or their close family members
- all public non-financial and public financial corporations, included in Note 10.8 *Details of controlled entities*
- all associates and joint ventures of the Government of South Australia
- all SA public sector superannuation schemes.

### **Key Management Personnel (KMP)**

For the general government sector, KMP include all Ministers that manage portfolios within the sector.

Compensation of all Ministers is disclosed above.

### **Significant transactions with government related entities**

Transactions between general government agencies are eliminated on consolidation and are not included in this disclosure. The transactions below represent those between the general government sector and public corporations.

- land tax from SAHT (\$197 million);
- guarantee fees (\$123 million);
- interest revenue on the Treasurer's deposits with SAFA (\$376 million);
- dividend revenue from SA Water (\$107 million);
- dividend revenue from Renewal SA (\$85 million);
- dividend revenue from SAFA (\$96 million);
- interest loans expense (\$895 million);
- community service obligations to SA Water (\$145 million);
- operating grant payments to SAHT (\$145 million);
- equity capital contributions to SAHT (\$178 million);
- equity capital contributions to Renewal SA (\$220 million);
- proceeds from sale of fixed assets from DPC to AFCT and Renewal SA (\$181 million);
- Treasurers' deposits with SAFA (\$9.286 billion);
- Treasurers' loans with SAFA (\$26.512 billion);
- past service liability contributions to South Australian public sector superannuation schemes (\$516 million).

## **10.6 Events after balance date**

There were no events occurring after balance date that had material implications on these financial statements.

## 10.7 Other accounting policies

### Changes in accounting policy

There have been no significant changes to accounting policies in the preparation of the 2023-24 Consolidated Financial Report.

### Australian Accounting Standards issued that are not yet effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been applied to the 2023-24 Consolidated Financial Report. These accounting standards include:

- Amending Standard AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value of Non-Financial Assets of Not-for Profit Entities*. It will apply from the 2024-25 Consolidated Financial report. The impact of the change is still being assessed but are not expected to be material.
- AASB 17 *Insurance Contracts* establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts issued with discretionary participation features. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of AASB 17 have on the financial position, financial performance and cash flows.

In December 2022 the AASB published AASB 2022-9: *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*. This states that AASB 17 for public sector entities applies to annual reporting periods on or after 1 July 2026. At this time the estimated effects on the whole of government position are yet to be determined.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on public sector reporting.

## 10.8 Details of controlled entities

For the 2023-24 financial year, the entities listed below are controlled by the government and their income, expenses, assets, liabilities and equity have been included in the *Consolidated Financial Report*. Some of these entities control other entities, in which case the consolidated accounts include the entities' consolidated financial information. The government's interest in each of the public non-financial corporations and public financial corporations listed below is 100 per cent.

General Government Sector	
Adelaide Festival Corporation	Industry, Innovation and Science, Department of
Adelaide Film Festival	Infrastructure and Transport, Department for
Agents Indemnity Fund	Infrastructure SA
Alinytjara Wilurara Landscape Board	International Koala Centre of Excellence
Anzac Day Commemoration Fund	Joint Parliamentary Services
Art Gallery Board, The	Kangaroo Island Landscape Board
Attorney-General's Department	Legislative Council
Auditor-General's Department	Libraries Board of South Australia
Board of Botanic Gardens and State Herbarium	Limestone Coast Landscape Board
Carrick Hill Trust	Lotteries Commission of South Australia (trading as SA Lotteries)
Child Protection, Department for	Murraylands and Riverland Landscape Board
Coast Protection Board	Museum Board
Commission on Excellence and Innovation in Health	Native Vegetation Fund
Correctional Services, Department for	Northern and Yorke Landscape Board
Courts Administration Authority	Office for Early Childhood Development
CTP Regulator (trading as CTP Insurance Regulator)	Office for Public Integrity
Dairy Authority of South Australia	Office for Recreation, Sport and Racing
Defence SA	Office of Hydrogen Power South Australia
Dog and Cat Management Board	Office of the Commissioner for Public Sector Employment
Dog Fence Board	Office of the Industry Advocate
Education and Early Childhood Services Registration and Standards Board of South Australia	Office of the South Australian Productivity Commission
Education, Department for	Outback Communities Authority
Electoral Commission of South Australia	Planning and Development Fund
Energy and Mining, Department for	Premier and Cabinet, Department of the
Environment and Water, Department for	Premier's Delivery Unit
Environment Protection Authority	Preventative Health SA
Essential Services Commission of South Australia	Primary Industries and Regions, Department of
Eyre Peninsula Landscape Board	Professionals Standards Council
Government Schools	Residential Tenancies Fund
Green Adelaide Board	Retail Shop Leases Fund
Green Industries SA	SACE Board of South Australia
Health and Wellbeing, Department for	Second-hand Vehicles Compensation Fund
Hills and Fleurieu Landscape Board	Small Business Commissioner
History Trust of South Australia	South Australia Police (South Australian Police Department, SAPOL)
House of Assembly	South Australian Ambulance Service
Human Services, Department of	South Australian Arid Lands Landscape Board
Incorporated Hospitals and Health Services	South Australian Country Arts Trust
Independent Commission Against Corruption (ICAC)	

South Australian Country Fire Service (CFS)	South Eastern Water Conservation and Drainage Board
South Australian Film Corporation	State Development, Department of
South Australian Fire and Emergency Services Commission (trading as SAFECOM)	State Governor's Establishment
South Australian Local Government Grants Commission	State Opera of South Australia
South Australian Metropolitan Fire Service (MFS)	State Planning Commission
South Australian Skills Commission	State Theatre Company of South Australia
South Australian State Emergency Service (trading as SES)	Study Adelaide
South Australian Tourism Commission	TAFE SA
	Trade and Investment, Department for
	Treasury and Finance, Department of

### Public Non-Financial Corporations Sector

Adelaide Cemeteries Authority	South Australian Housing Trust (trading as South Australian Housing Authority)
Adelaide Festival Centre Trust	South Australian Motor Sport Board
Adelaide Venue Management Corporation	South Australian Water Corporation (trading as SA Water)
Distribution Lessor Corporation	State Owned Generators Leasing Co Pty Ltd
Generation Lessor Corporation	Transmission Lessor Corporation
Public Trustee	Urban Renewal Authority (trading as Renewal SA)
South Australian Forestry Corporation (trading as ForestrySA)	West Beach Trust (trading as Adelaide Shores)

### Public Financial Corporations Sector

HomeStart Finance	South Australian Government Financing Authority (trading as SAFA)
Lifetime Support Authority	Superannuation Funds Management Corporation of South Australia (trading as Funds SA)
Motor Accident Commission	
Return to Work Corporation of South Australia (trading as ReturnToWorkSA)	

## Changes to controlled entities/reporting structures since the 2022-23 Consolidated Financial Report

### New entities

- Effective 31 August 2023, the Office for Early Childhood Development was established as an attached office of the Department for Education.

### Other changes

- Effective 8 February 2024, the title of Wellbeing SA was altered to Preventative Health SA.

### Future changes

- Effective 1 July 2024, the title of Department of Industry, Innovation and Science was altered to Department of State Development.
- Effective 1 July 2024, the title of Department for Trade and Investment was altered to Department for Housing and Urban Development.
- Effective 1 July 2024, the Office of Northern Water Delivery was created under the *Public Sector Act 2009*.

## 10.9 Key technical terms used in the financial report

Term	Definition
<b>Australian Bureau of Statistics Government Finance Statistics (ABS GFS) Manual</b>	The Australian Bureau of Statistics' publication <i>Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015</i> contains a comprehensive and definitive guide to the classification of financial aggregates for National Accounts and the Government Finance Statistics (GFS).
<b>Comprehensive result - change in net worth</b>	Comprehensive result - change in net worth is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities. It excludes any adjustments to the prior period and transactions with owners as owners.
<b>Capital transfers</b>	Transactions in which ownership of an asset other than cash and inventories is transferred from one institutional unit to another, in which cash is transferred to enable the recipient to acquire another asset, or in which the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.
<b>Cash surplus/deficit</b>	Equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets less distributions paid.
<b>Classifications of the functions of government (COFOG)</b>	Classifies outlays or expenditure transactions by the purpose served (e.g. health, education).
<b>Contingent asset</b>	A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.
<b>Contingent liability</b>	A possible financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.
<b>Convergence difference</b>	Relates to the difference between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.
<b>Current transfers</b>	The provision of something of value for no specific return or consideration and include grants, subsidies and donations.
<b>Finance lease</b>	Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).
<b>Financial asset</b>	Includes any asset that is: <ul style="list-style-type: none"> <li>(a) cash</li> <li>(b) an equity instrument of another entity</li> <li>(c) a contractual right: <ul style="list-style-type: none"> <li>(i) to receive cash or another financial asset from another entity, or</li> <li>(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity, or</li> </ul> </li> <li>(d) a contract that will or may be settled in the entity's own equity instruments and is: <ul style="list-style-type: none"> <li>(i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or</li> <li>(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity</li> </ul> </li> </ul>

<b>Term</b>	<b>Definition</b>
	instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.
<b>General Government Sector (GGS)</b>	The institutional sector comprising all government units and non-profit institutions controlled and mainly financed by government.
<b>Government Finance Statistics (GFS)</b>	Enables policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of the government. More details about the GFS can be found in the Australian Bureau of Statistics (ABS) GFS Manual Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015.
<b>Key fiscal aggregates</b>	Financial aggregates are important for analysis purposes, including assessing the impact of a government and its sectors on the economy.
<b>National Partnership Payments</b>	Grants received from the Commonwealth Government to support delivery of specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms.
<b>Net acquisition/(disposal) of non-financial assets from transactions</b>	Includes purchases (acquisitions) of non-financial assets less sales (disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. Purchases and sales (net acquisitions) of non-financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables which are included in other movements in non-financial assets.
<b>Net actuarial gains</b>	Includes actuarial gains and losses on defined benefit superannuation plans, employee leave entitlements, workers compensation entitlements and various other provisions.
<b>Net cash flows from investments in financial assets (liquidity management purposes)</b>	Equals cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.
<b>Net cash flows from investments in financial assets (policy purposes)</b>	Equals cash receipts from the repayment and liquidation of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.
<b>Net debt</b>	Net debt measures a government's net stock of selected gross financial liabilities less financial assets. Net debt equals the sum of deposits held, advances received, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.
<b>Net financial liabilities</b>	Total liabilities less financial assets, other than equity in PNFCs and PFCs. This measure is broader than net debt as it includes significant liabilities other than borrowings for example accrued employee liabilities such as superannuation and long service leave entitlements.
<b>Net financial worth</b>	A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework balance sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt, in that it incorporates provisions such as superannuation, but excludes depreciation and doubtful debts as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.

<b>Term</b>	<b>Definition</b>
<b>Net lending/borrowing</b>	<p>Equals net operating balance minus the net acquisition/disposal of non-financial assets. It is also equal to transactions in the net acquisition/disposal of financial assets minus the net incurrence of liabilities. It indicates the extent to which financial resources are placed at the disposal of the rest of the economy or the utilisation of financial resources generated by the rest of the economy.</p> <p>A net lending (fiscal surplus) balance indicates that the public sector is saving more than enough to finance all its investment spending. A net borrowing (fiscal deficit) position indicates that the public sector's level of investment is greater than its level of savings.</p>
<b>Net result from transactions – net operating balance</b>	Calculated from the Statement of Comprehensive Income as income from transactions less expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.
<b>Net other economic flows</b>	Equals the net change in the volume or value of assets and liabilities that does not result from transactions.
<b>Net result</b>	Is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.
<b>Net worth</b>	Is an economic measure of wealth and provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities and less shares/contributed capital. For the GGS, net worth is assets less liabilities, since shares and contributed capital do not exist in a GGS context.
<b>Non-financial assets</b>	All assets that are not 'financial assets', predominantly land and other fixed assets.
<b>Other revenues</b>	Refers to revenue other than revenue from taxes, sales of goods and services, property income and Commonwealth Grants, etc. It includes revenue from fines other than penalties imposed by tax authorities.
<b>Other economic flows</b>	Changes in the volume or value of an asset or liability that do not result from transactions, for example revaluations.
<b>Public Financial Corporations (PFC)</b>	Is the institutional sector comprising resident government controlled corporations and quasi corporations mainly engaged in financial intermediation or provision of auxiliary financial services.
<b>Public Non-Financial Corporations (PNFC)</b>	Is the institutional sector comprising resident government controlled corporations and quasi corporations mainly engaged in the production of market goods and/or non-financial services.
<b>Superannuation expenses</b>	Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains and losses are excluded as they are considered other economic flows.
<b>Superannuation interest cost</b>	Represents the carrying cost of unfunded superannuation liabilities, net of interest revenue on plan assets of defined benefit schemes.
<b>Tax Equivalent Regime (TER)</b>	The mechanism to ensure that public corporations incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government controlled trading entities

Term	Definition
	and the private sector, aiding in the achievement of competitive neutrality.
<b>Transactions</b>	Interactions between two institutional units by mutual agreement or actions within a unit that are analytically useful to treat as transactions.
<b>Unfunded superannuation liability</b>	The amount by which the liabilities of a superannuation scheme or schemes (measured as the present value of expected future superannuation benefits that have accrued to members) at the reporting date exceeds the value of assets held by the superannuation scheme or schemes to meet those benefits.
<b>Uniform Presentation Framework (UPF)</b>	A uniform reporting framework agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and reissued in April 2008 to incorporate the new accounting standard AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> . The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information on the Government Finance Statistics basis according to an agreed format and specified Loan Council reporting arrangements.
<b>Whole of government financial report</b>	A financial report that is prepared in accordance with Australian Accounting Standards, including AASB 10 <i>Consolidated Financial Statements</i> , and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

## **Statement by the Treasurer and Under Treasurer**

The *Consolidated Financial Report* for the year ended 30 June 2024 for the state of South Australia has been prepared by the Department of Treasury and Finance through the consolidation of audited financial information provided by South Australian public sector controlled reporting entities.

In our opinion, the *Consolidated Financial Report*:

- has been prepared in accordance with Australian Accounting Standards, in particular AASB 1049: *Whole of Government and General Government Sector Financial Reporting* and the *Public Finance and Audit Act 1987*, as amended, and
- presents a true and fair view of the financial position of the Government of South Australia and the general government sector as at 30 June 2024 and the results of its operations and its cash flows for the year then ended.



Hon Stephen Mullighan

Treasurer

19 / 12 / 2024



Rick Persse

Under Treasurer

10 / 12 / 2024

## **Statement and commentary by the Auditor-General**

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**Government of South Australia**

Audit Office of South Australia

Our ref: A24/314

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23 December 2024

Ms T Pribanic  
Under Treasurer  
Department of Treasury and Finance  
Level 8, State Administration Centre  
200 Victoria Square  
ADELAIDE SA 5000

Dear Ms Pribanic

### **Consolidated financial report for the year ended 30 June 2024**

Our review of the South Australian Consolidated Financial Report (CFR) for the year ended 30 June 2024 was recently completed.

### **Background**

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* requires governments to prepare Whole of Government and General Government Sector financial reports in accordance with the standard. The CFR for the year ended 30 June 2024 comprises both the Whole of Government and General Government Sector financial reports.

### **Audit mandate and Auditor's Report**

There is no requirement under the *Public Finance and Audit Act 1987* or other legislation to provide an independent auditor's report on the CFR. I have therefore not issued an independent auditor's report.

I do, however, consider it both valuable and consistent with wider public expectation that we review the credibility and validity of such financial information. As a result, we have performed sufficient work to provide the following observations on the CFR for the year ended 30 June 2024.

## Scope of review

The CFR comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes to the Consolidated Financial Report
- a Statement by the Treasurer and Under Treasurer.

Our review of the CFR included a review of:

- the principles adopted in defining the economic entity
- controls and procedures within the Department of Treasury and Finance (DTF) for evaluating the reliability and validity of financial data forwarded by agencies
- processes for preparing the CFR
- compliance with appropriate legislation and accounting frameworks.

The review involved assessing controls exercised when preparing the CFR and ensuring that financial data submitted by agencies for inclusion in the CFR was consistent with their audited financial statements. Our work also included evaluating the accounting policies and significant accounting estimates unique to the CFR and review of compliance with Australian Accounting Standards.

## Review findings and comments

### *Matters reflected in Independent Auditor's Reports for government agencies*

I note that, while I have not modified my Independent Auditor's Reports of the Lifetime Support Authority and the Return to Work Corporation of South Australia for 2023-24, I drew attention to the inherent uncertainty associated with certain liabilities of these entities.

I also modified opinions for a number of entities in relation to procurement reporting requirements introduced in 2023-24, but note these disclosure requirements are not contained in the CFR and therefore these modifications do not impact the outcome of our review of it.

### *Other financial reporting matters*

Preparation of the CFR requires DTF to collect and consolidate financial information from all government reporting entities, and then present this information in a meaningful and understandable manner.

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Challenges faced by DTF in preparing the CFR include:

- ensuring the completeness and accuracy of financial information sourced from agencies, including ensuring that agencies have accurately advised DTF of their transactions and balances with other areas of government (to support elimination of financial data at the general government or whole of government level)
- presenting reliable financial information that meets the specific disclosure requirements of AASB 1049, but which are not disclosed in the audited financial reports of individual government agencies
- obtaining reliable financial information to support a range of disclosure requirements of Australian Accounting Standards which, while included in the financial reports of individual government agencies, is not available in a format which supports meaningful disclosure in the CFR.

All matters identified during my review of the CFR were satisfactorily addressed by DTF.

**Other matters**

I would like to pass on my appreciation to your staff for the assistance provided to my officers during the conduct of the review.

Should you or your colleagues require further elaboration or clarification on any matters outlined in this letter, my colleagues and I are available to meet to discuss them at your convenience.

Yours sincerely



Andrew Blaskett  
**Auditor-General**

enc



## **DEPARTMENT OF TREASURY AND FINANCE**

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